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No. 860

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ASEAN OFFSHORE OIL PRODUCTION; SRV OFFSHORE FIELDS

Kuala Lumpur BUSINESS TIMES in English 30 Oct 79 p 1

[Text]

THE offshore oil industry now produces over 2 million barrels of crude per day from ASEAN waters, almost two-thirds of which comes off the Indonesian coast.

Indonesia accounts for about 1.5 million barrels daily, followed by Malaysia (400,000 b/d), Brunei (between 200,000 and 400,000 b/d), and the Philippines (about 100,000 b/d).

These figures were revealed at a meeting last week to members of the Institute of Petroleum (Singapore branch) by Mr S.Y. Huang, executive director of Petromin Publishing Company (Asia) who is also editor of *Petromin Asia*.

Mr Huang, who was speaking on the development of offshore petroleum in ASEAN waters, said he could not disclose to technology by the initial oil reserves, although transfer to ASEAN states is he said a general complaint of oil firms was Offshore technology,

that the ASEAN countries are asking too much over production-sharing.

Indonesia, for instance, is asking for 75 per cent, with the rest going to the oil company. It will be on a 50-50 basis if it is a joint-venture of foreign oil companies and the government.

In Malaysia, it is 70-30, and while in the Philippines, the production-sharing ratio is 65 per cent government and 35 per cent oil company.

The 50-50 production ratio which Indonesia is introducing as an incentive for exploration on a joint-venture basis cannot be evaluated at this early stage, he said, as there is the argument that fields marked on might be dumped.

Mr Huang also said the transfer of offshore technology by the initial oil reserves, although transfer to ASEAN states is he said a general complaint of oil firms was Offshore technology,

including equipment and instruments, is being used in offshore work here, but as it is highly specialised such technology cannot be learnt by just observation.

Apart from the use of equipment, Mr Huang also questioned the lack of ASEAN drilling or exploration superintendents, as well as trained rig operators and instrument technicians. On the other hand, he said, there have been lots of welders and fitters who have been trained.

He posed the point whether the transfer of skills will only be done when there was no more oil left, and also the counterpoint of oil companies of whether the governments wanted them here to produce oil or to teach.

Outside ASEAN, Mr Huang also touched on offshore petroleum in Vietnam.

He said that after the fall of the Saigon government, the Hanoi regime decided to take back the concessions granted to Shell, Pecten and Mobil, and has offered the concession to Bow Valley Industries only in March this year.

Both earlier concession holders were believed to have dumped tons and tons of cement to cover the fields in Vietnam so that to date, four companies trying to relocate these fields have been unsuccessful.

Mr Huang said the Hanoi regime is definitely interested in training Vietnamese as offshore technicians to operate in the fields. It was reported for instance that the Vietnamese oil and gas authority has plans to train 2,000 competent Vietnamese technicians within 18 months, although not much is known of the outcome.

CSO: 4220

ASEAN, AUSTRALIA REACH AIR FARE ACCORD

Kuala Lumpur BUSINESS TIMES in English 26 Oct 79 p 1

[Text]

AUSTRALIAN and Asean officials today agreed on a package of lower air fares between their countries, ending a dispute that has strained relations for the past year.

Four days of talks in Canberra resulted in an agreement to slash up to 36 per cent off fares between Australia and Asean and to allow Asean airlines limited access to cut-price flights to Europe.

Officials from both sides said the long-awaited scheme would start on Jan. 1, 1980.

The agreement means that some 70s between Sydney and Singapore will be cut from A\$712 (US\$783) return to A\$464 (US\$510). Similar cuts will be made for flights to the other Asean capitals.

The talks also succeeded in removing a major irritant in ties between the two regions over Asean's exclusion from a cut-price flights scheme agreed last year between Canberra and European countries.

Asean was alarmed because its arrangements banned cut-price passengers bound for Europe from making stopovers for sightseeing or shopping in the capitals of the regional countries, representing a potential loss of tourist revenue.

Asean airlines objected also because they were excluded from the scheme.

During the Canberra talks, Asean accepted

Australia's compromise plan to let Asean airlines fly 200 of the European-bound passengers a week. It was also agreed to allow all passengers with cut-price tickets to break their journeys in Asia for a fee of A\$150 (US\$165).

In order to reach agreement, Australia dropped its demand that Singapore Airlines cut back on its flights from Australia, aviation officials said.

Australia also agreed, at Asean's insistence, that the cut-price passengers on Asean airlines should be able to fly part of their journey on Australia's carrier, Qantas, if they wished.

After 12 months of bitter wrangling, officials on both sides today stressed the cordial atmosphere of the Canberra talks.

"I'm sure this will lead to a significant increase in tourism in both directions," the Australian team leader, Mr Charles Halton said.

An official communique later gave the return prices for the cut-price tickets, which must be bought 21 days in advance during the off-peak season as:

CANBERRA, Oct. 25

Sydney-Kuala Lumpur, cut to A\$488 (US\$588)

Sydney-Jakarta, cut to A\$464 (US\$544)

Sydney-Bangkok, cut to A\$464 (US\$560)

Sydney-Manila, cut to A\$460 (US\$560).

Other features including a new range of low-cost tour excursions will also be introduced under the agreement.

Encik Mohammed Noor Hassan of Malaysia, the Asean leader, urged Australia to continue to cooperate with Asean to ensure growth and stability in the region. — Reuter

MALAYSIA-THAILAND COOPERATE ON FIVE PROJECTS

Kuala Lumpur BUSINESS TIMES in English 25 Oct 79 p 18

[Text]

THE first ministerial meeting under the agricultural cooperation accord between Thailand and Malaysia agreed yesterday to undertake five projects.

The projects are a study of the Golok River basin, establishment of joint-venture deep-sea fishing, fish seed production in Malaysia, feasibility study of calf raising and fattening project, and collaborative research on rice, fruits, coconuts and cocoa.

The meeting in Kuala Lumpur was attended by Thai Prime Minister Gen. Tun Kriangsak Chomana in his capacity as the Minister of Agriculture and Cooperatives and Datuk Shariff Ahmad, Agriculture Minister.

These will be treated by both governments as priority projects.

A joint statement issued after the meeting said the two sides agreed that in the area of fisheries, joint research programmes be carried out to obtain information regarding shared stocks in border areas, migration of pelagic fish species and resource conservation.

Aquaculture experts from Thailand will be recruited to assist in the transfer of technology developed in Thailand to Malaysia on terms and conditions to be mutually agreed upon.

Other agreements in fisheries included the working out of details and conditions for cooperative arrangements in

deep-sea fishing and action to resolve the problems of encroachment faced by Malaysian fishermen.

Malaysia and Thailand also agreed to exchange planting materials, particularly germ plasm for research stations, and to set up a joint standing committee on plant quarantine to control plant diseases and insect pests in both countries as well as to assist in the smooth enforcement of plant importation rules, particularly in the border areas.

The committee on plant quarantine will also review and recommend measures for appropriate treatment of plants and plant produce, formulate recommendations regarding exotic pests and diseases which should be kept away or eradicated from both countries.

It will make recommendations for implementation of rules pertaining to the movement of prohibited items such as pests and dangerous pesticides.

Concern for the control of foot-and-mouth disease and rabies was reflected in the joint statement which called for intensification of control and eradication measures on the Malaysian-Thai border.

At the same time, the two countries agreed on the development of additional quarantine and other facilities on both sides of the border following the simplification of administrative procedures governing the

movement of livestock to increase trade in this area.

Cooperation is also to be extended in the fields of animal production and health research. A feasibility study on the establishment of joint-venture projects in livestock production is to be undertaken under the agreement.

The Royal Irrigation Department, Thailand, and the Drainage and Irrigation Department, Malaysia, will embark on a joint programme to collect and compile relevant hydro, meteorological and physical data of the Golok River basin for use in a joint study on flood mitigation and water resources development of the basin, the statement said.

Exchanges of technical information and visits in the fields of drainage and irrigation, groundwater development, cloud seeding, hydrology and flood forecasting and cooperation in research and training were stressed by the Ministers.

Support was given for the establishment of the ASEAN animal and plant quarantine ring that will involve, among other things, the strengthening and upgrading of quarantine facilities at all international points of entry into the ASEAN region and raising the standard to an agreed and uniform level.

The meeting agreed that the second ministerial meeting be held in the first half of 1980 in Chiangmai, Thailand.

INTER-ASIAN AFFAIRS

BRIEFS

JAPANESE GRANT TO INDIA--New Delhi, 7 Dec (AFP)--Japan has granted to India a 6.2 billion yen (about U.S. dollars 27.6 million) loan for the Bombay offshore oil field development project, it was officially disclosed here today. Notes on the loan were exchanged this morning between Japanese ambassador to India Masao Kanazawa and secretary for economic affairs in the Indian Ministry of Finance Manmohan Singh. An Indian spokesman said the loan was in accordance with the pledge made by Japan at the aid India consortium meeting in Paris in June. [Text] [BK100651 Hong Kong AFP in English 0919 GMT 7 Dec 79 BK]

JAPANESE LOAN TO BURMA--Tokyo Nov 20--Japan will extend a yen loan of yen 26,960 million to Burma, the Foreign Ministry announced Tuesday. Of the sum, yen 12,730 million are earmarked for three projects for expansion of rice-polishing factories, cement mills and telecommunication works and yen 14,230 million is set as commodity loans. The loan is to be repayable in 30 years, including a 10-year grace period and carries 2.25 per cent interest rate per annum. The loan brought Japan's total loans extended to Burma to yen 138,485 million. [OW231255 Tokyo KYODO in English 0939 GMT 20 Nov 79 OW]

NEPAL RECEIVES JAPANESE AID--Tokyo Nov 24 KYODO--The government has offered to Nepal two aid grants worth up to yen 1.5 billion on fertilizer and equipment for irrigation facilities, and up to yen 650 million for construction materials, the Foreign Ministry announced Saturday. Notes on the aid were exchanged in Katmandu, Nepal, Thursday by Japanese Ambassador Minao Tsuchiya and Dr. Devendra Raj Panday, secretary of the Nepalese Finance Ministry. The economic assistance was offered to help the Nepalese Government increase food production, the announcement said. The aid in construction materials is aimed at helping improve and expand the road network in Nepal, it said. [Text] [Tokyo KYODO in English (no time or date given) OW]

CHINESE IMPORTS TO NEPAL--Katmandu, 19 Nov--National Trading Limited (NTL) is to import essential goods worth 76 million rupees from the People's Republic of China, reports RSS [Rashtriya Samachar Samiti]. An agreement to this effect was concluded recently. This was stated by the executive chairman and general manager of National Trading Limited, Manamohan Lal Singh, who returned here after leading the seven-member Nepali delegation to the Canton trade fair in the People's Republic of China. [BK100557 Katmandu THE RISING NEPAL in English 20 Nov 79 p 1 BK]

AUSTRALIAN GRANT TO SRI LANKA--Australia has made available to Sri Lanka a grant of 500,000 Australian dollars for the purchase of development commodities of Australian origin. This amount represents a second grant made to Sri Lanka under the Australian Government's new aid program of development assistance. The grant is to be used to obtain equipment and services necessary for the economic development of Sri Lanka. It is proposed to obtain supplies of steel rods, chemicals and sweet potatoes from Australia. [Text] [BK100557 Colombo International Service in English 1045 GMT 6 Dec 79 BK]

ASIAN NATIONS' TRADE--The new special trade minister, Senator Douglas Scott, says one of his first priorities will be to promote greater trade with Australia's Asian neighbors. He said he planned early next year to visit all five member countries of ASEAN, the Association of Southeast Asian Nations. Senator Scott said two-way trade between Australia and the ASEAN countries was of the order of 1,900 million dollars American and ASEAN was providing an increasing share of Australia's imports. The new minister said he would also give early attention to economic cooperation with New Zealand and to impressing on the European Economic Community Australia's value as a stable supplier of resources. He would arrange for a mission of leading businessmen to go to Europe early next year to stress Australia's potential as a coal and uranium exporter and to try to encourage increased European investment in Australian resource projects. Senator Scott, from New South Wales, entered the ministry as minister for special trade negotiations in last Friday's shuffle. [Text] [OW101707 Melbourne Overseas Service in English 1230 GMT 10 Dec 79 OW]

PRC-PAKISTAN TRADE TALKS--A five-member PRC delegation led by Bank of China chairman, Pu Ming, arrived in Karachi this morning from Beijing on a week-long goodwill visit to Pakistan. The delegation will hold talks with Pakistani officials and bankers on increasing trade relations with Pakistan. The delegation will also call on the president and the federal finance minister. [BK100553 Karachi Domestic Service in Urdu 0200 GMT 8 Dec 79 BK]

CSO: 4211

BANGLADESH

BRIEFS

ROMANIAN MACHINERY SUPPLY--Romania is to supply machinery for the Madaripur textile mill in Faridpur District. An agreement to this effect has been signed in Dacca between the Bangladesh Textile Mills Corporation and the Romanian Foreign Trade Organization. This is a followup of the 1974 agreement between Bangladesh and Romania on economic, technical and scientific cooperation. The Madaripur textile mills is the second unit to be set up with Romanian machinery. The first one is the Barisal textile mills which is now in operation. [BK100557 Dacca Domestic Service in English 0145 GMT 6 Dec 79 BK]

DANISH LOAN--Denmark will provide Bangladesh about 155 million taka under the fifth loan agreement signed between the two countries in Dacca 6 December. The fund will be mainly used for purchase of vessels and barges for the Bangladesh Inland Water Transport Corporation. Under the fourth Danish loan of about 150 million taka signed last year, Bangladesh is importing railway coaches and road rollers from Denmark. [BK100557 Dacca Overseas Service in English 0445 GMT 7 Dec 79 BK]

CSO: 4220

GREATER AUTONOMY IN FOREIGN RELATIONS SOUGHT

Kuala Lumpur BUSINESS TIMES in English 6 Oct 79 p 6

[Article by Barry Shlachter in New Delhi]

[Text]

BHUTAN, the tiny Himalayan Kingdom with a 23-year-old monarch, has begun to flex its diplomatic muscles.

The motive is all too clear both Bhutanese and Indian sources say. Bhutan hopes to win greater autonomy from its giant southern neighbour, India, whose "guidance" now is required for its foreign relations by a 1949 treaty.

"If you want my candid reply," King Jigme Singye Wangchuk recently told two Indian reporters, "the treaty can certainly be brought up to date."

The King made the statement after the Havana non-aligned summit meeting, where his delegation took a stand contrary to that of India on the question of Kampuchean representation. Previously, Bhutanese support for Indian positions had been considered practically automatic.

On the same issue, the Bhutanese delegation to the United Nations General Assembly openly opposed an Indian amendment to keep vacant the controversial Kampuchean seat. The vote, some observers here said, was not for the deposed Pol Pot regime but a symbolic one for Bhutanese independence.

So far, there has been no official reaction by New Delhi. India's caretaker Prime Minister Charan Singh, an interim leader, is deeply engrossed in preparations for his December election campaign and has given foreign relations short shrift.

"The hill kingdoms — Nepal and Bhutan — have always tried to take advantage of the situation when they perceived the Indian government as weak," said an Indian official of ambassadorial rank, who asked to remain anonymous.

A Bhutanese diplomat privately admitted this was the case.

"Right now there is a gap between Indian politicians, busy with election campaigning, and the bureaucrats who carry out their policies," he told the Associated Press. "When they finally get together again, then we have to worry."

Bhutan's diplomatic offensive was called by one concerned Indian official as the "biggest departure" in Indo-Bhutanese relations since 1949, when the bilateral treaty was signed.

What the young king wants changed is Article Two of the treaty which

states that "the government of Bhutan agrees to be guided by the advice of the government of India in regard to external relations."

Before working toward a treaty revision, Bhutan demanded and got Indian clearance to upgrade its mission in New Delhi to that of a full-fledged embassy with all the privileges accorded to other foreign diplomatic embassies and as well as to establish relations with nearby Bangladesh.

Many Indians are now concerned that the "Dragon Kingdom" might ask for ties with its mammoth neighbour to the north, China.

The Bhutanese might argue, the sources said, that direct relations are needed to solve the problems of annual incursions by Tibetan herdsmen because the Sino-Bhutanese border still is not clearly drawn.

The kingdom is a land-locked country and all foreign travellers

require special Indian permission to cross over. It is no secret that Indians consider Bhutan part of their sphere of influence.

While the "virtual political vacuum" in New Delhi has kept India from moving against the

Bhutanese diplomatic offensive, the Times of India and other influential newspapers have issued sharp warnings.

"Of course, Bhutan is an independent country," Inder Malhotra, a Times editor recently wrote. "But the reasons behind the 1949 treaty have not disappeared. Nor given the geopolitical situation, can they."

China, he said, has been making friendly noises toward Bhutan, hoping to normalize relations. But Malhotra warned that "the region south of the Himalayan crest is of supreme strategic importance to India and that it cannot countenance any kind of external interference in it."

Some Bhutanese here have said they resent the superior position often taken by India. But they recognize that the road toward greater autonomy for their 1.8 million people sandwiched between two giants is as rocky as their mountain kingdom.

In the back of their minds is the 1975 merger — some call it "annexation" — of neighbouring Sikkim by India, which severely jolted the Bhutanese at the time — AP

FOOD SHORTAGE EXPECTED IF FLOODS FOLLOW DROUGHT

Kuala Lumpur BUSINESS TIMES in English 25 Oct 79 p 6

[Article by Arun Bhattacharjee in New Delhi]

[Excerpts]

INDIA is in the grip of the worst drought in 25 years, and changing climatic conditions indicate that a drought-flood cycle could make conditions worse in the years ahead.

The current long dry spell is forecast to reduce agricultural production by 15 per cent, a severe blow to this country which has more than 600 million mouths to feed.

Although India's buffer grains stock of 21 million tons should head off widespread famine, a new series of floods would plunge food reserves to rock bottom and create acute food shortages.

But even this massive buffer stock is in danger of not reaching needy areas on time due to transport difficulties. With petrol costing US\$0.52 a litre, the cost of transporting foodgrains to the rural areas where they are needed most will constitute a heavy drain on government finances.

Although India's agricultural growth rate of 3.5 per cent is one of the highest in Asia, it has been hounded by floods and long dry spells that wreak havoc on lives, crops and properties.

The current drought has affected 12 out of the 22 states. The severity of

the dry spell can be gleaned from the fact that states which usually have an average rainfall of 60 inches by this time of the year reported only 10 inches of rainfall in their areas. Rainfall in all the affected states has been at below 30 per cent of requirement.

The government estimates that the food supply crunch in the wake of the drought will force India to draw 10.5 million tons from its buffer stock, or 50 per cent of the entire stock. This will leave India with only 300,000 tons above the tolerable minimum of 10 million tons.

In Andhra state in the south, 17 out of the 22 districts are seriously affected by the drought. In south western Karnataka, only 50 per cent of the rice planted before the onset of the dry spell would be saved. In Bihar state, crop damage has reached five billion rupees (US\$625 million) and still rising.

Another worrisome dimension to this year's drought is the view of some meteorologists that India's weather cycle is changing for the worse. They say that the monsoon cycle has become erratic. They claim that the monsoon cycle now arrives much later than usual and has failed to bring in enough rain.

The margin for disaster of India's agricultural sector is wide indeed. An Agriculture Ministry spokesman says that 25 million hectares are flood-prone, and another 30 to 35 million hectares are drought-prone. All the big towns and cities along the major rivers have been hit by floods. The worst flooding was last year and this year.

Floods affect an average of seven million to eight million hectares every year. In 1976, a total of 17 million hectares were affected in one of the worst times for the country's agriculture.

On the human side, an average of 24 million people are affected every year by floods. Flood damage to crops and properties averages 2.4 billion rupees (US\$300 million) annually. During the last three years flood damage was considerably higher than the same period in the mid-70s as a result of silting and erosion.

In 1976, flood damage was estimated at 8.8 billion rupees (US\$1.2 billion), and in 1977 it shot up to 11.3 billion rupees (US\$1.5 billion).

Government sources say that the 1978 flood damage could even be higher than 1977's following the breaching of the

dam in Morvi district which wiped out an entire city. While drought leaves no significant destruction on property, crop damage due to dry spells is estimated to be as high as that of floods.

Indian meteorologists fear that the severity of this year's drought is indicative of the slow but steady climatic changes in the subcontinent. They observe that the 1970s saw the most severe droughts worldwide. The United Nations Environment Programme notes that the "major climatic hazards for middle latitude agriculture remain drought."

Indian environmentalists blame the worsening drought conditions on unwise land management in India, Pakistan and Bangladesh, where population growth is directly linked with land use and deforestation. They point out that not long ago, 21 million hectares of the great Indian Thar desert in Rajasthan were green. The entire stretch is now bare of foliage.

While India has embarked on a massive "greening" of Rajasthan with a US\$3.6 billion outlay for a 10-year programme Pakistan and Bangladesh do not seem to be doing their share of the burden.

BIG SOVIET ORDER FOR MACHINE BUILDING PLANTS

Madras THE HINDU in English 19 Nov 79 p 6

[Text] New Delhi, Nov. 18. Soviet assisted machine building plants in Ranchi, Durgapur and Hardwar may now supply a large volume of equipment to the USSR and third countries. The prices and terms of contracts are to be agreed upon.

The possibility of the three plants manufacturing new types of equipment and going in for continuous technological upgradation in the existing fields of equipment manufacture is also envisaged in an Indo-Soviet protocol signed here.

The protocol followed talks in a working group, at which the Soviet delegation was led by Mr. E.I. Zvizjulev, Deputy Minister in the USSR Ministry of Heavy and Transport Engineering, and the Indian side by Mr. V. Krishnamurthy, Secretary in the Heavy Industry Department.

The agreement is for the purchase of 1.2 lakh tonnes of heavy machinery and equipment.

Mr Zvizjulev is here as the head of a ten-member delegation of experts to attend the first meeting of the Indo-Soviet working group on machine building industry.

Protocols have already been signed separately with the three plants. The Durgapur plant is to supply 50,000 tonnes of haulage equipment, belt conveyors, scraper chains, crushers, centrifugal pumps, ventilators and fans, while the Hardwar plant will supply mainly electrical machines.

The Ranchi plant is to supply about 70,000 tonnes of equipment and machinery, consisting of coke oven items, sintering machines, cranes, crushers, continuous casting machines, rolling mills, spares and heavy castings and forgings.

These orders are in addition to the existing ones. Early this year, the Soviet Union had placed two orders with the Ranchi plant for about 9,000 tonnes of equipment to be supplied next year. In all, the total order placed by Soviet Union with the Ranchi plant is worth about Rs. 242 crores.-- PTI and UNI.

CSO: 4220

POWERFUL AIRCRAFT FOR NAVY

Madras THE HINDU in English 7 Nov 79 p 9

[Text] New Delhi, Nov. 6. The Defence Minister, Mr. C. Subramaniam, said here today that the Government had under active consideration the acquisition of powerful general purpose frigates, minesweepers and maritime reconnaissance and anti-submarine aircraft for the Navy to assure its "survivability in the face of increasing threats from more sophisticated, mobile and striking power."

Mr. Subramaniam, who was addressing a conference of senior naval officers, said the Government had already approved indigenous construction of several warships which would to some extent "fill the gaps in the security of the Andamans and Nicobar group of islands and exploitation of India's exclusive economic zone."

He said the process of making a choice of a modern submarine and the acquisition of powerful aircraft for the Navy's aircraft carrier 'Vikrant' was in an advanced stage of decision-making.

The Defence Minister said the committee on defence planning would examine other deficiencies in naval preparedness to safeguard national security and our growing maritime interests.

Mr. Subramaniam said the development of a balanced and "credible" Navy consisting of both coastal and ocean-going forces had become as imperative as was the case of the Army and the Air Force.

Referring to the security environment relevant to the Navy, the Defence Minister said while the country continued its policy of good neighbourly relations with littoral States in the Indian Ocean, we should also take note of the destabilising developments in certain neighbouring countries as these had "implications for our national security."

"Recent developments in Pakistan, Iran and the Gulf States have to be taken into account while considering our approach towards naval preparedness," he said.

Another major factor which needed to be considered, Mr. Subramaniam said, was the increasing naval presence of the big powers in the Indian Ocean in general and the North Arabian Sea in particular. The buildup of base facilities and creation of rapid deployment or 'quick reaction' naval forces in waters of interest to us could not be ignored.

Admiral R.L. Pereira, Chief of Naval Staff, who presided, referred to the expanding maritime economy and the need to have adequate strength to safeguard these assets.

He described as a major factor of importance the decision to acquire vertical and short take off and landing aircraft for the Navy.

Another important project which was now under high-level consideration related to production of SSK submarines.

Admiral Pereira said there was need to improve shore support facilities in bases and to build alternative facilities on the West Coast complementary to those already existing at Bombay.

He referred to self-reliance achieved by the Navy and said the manufacture of the first Indian designed frigate was under construction at Mazagoan Docks. The entire design for modernising Vikrant had been undertaken by the Navy itself. A number of other ships had also been designed and further development work was in progress, he said.--PTI.

CSO: 4220

MANIPUR COMES UNDER PRESIDENT RULE

Madras THE HINDU in English 15 Nov 79 p 11

[Text] New Delhi, Nov. 14. Manipur was today brought under President rule and elections to the 60-member Legislative Assembly are expected to be held along with the Lok Sabha elections in January.

The dissolved Assembly had already completed its normal tenure of five years.

The Union Cabinet decided to impose Central rule after considering the report of the Governor.

In his report, the Governor has referred to the deteriorating law and order situation in the State and said the administration "has been rendered increasingly ineffective in dealing with the activities of extremists because of gross maladministration, favouritism and nepotism."

According to an official release, over the years, politics in the sensitive border State has been volatile, resulting in long periods of President's rule and frequent changes of Government. Since the elections in February, 1974, Manipur has had five Ministries, including the present one, with an interlude of President's rule for six weeks in May-June 1977.

So many changes of Ministry could take place within this period only because of the ease with which defections and redefections occurred. This resulted in a decline in the standard of probity and efficiency in the administration and maintenance of public order, particularly since June 1978.

CSO: 4220

POWER POSITION IN BIHAR WORSENS

Calcutta THE STATESMAN in English 9 Nov 79 p 9

[Text] Ranchi, Nov. 8--Power generation in Bihar has reached a record low following a major breakdown in the Barauni thermal station and decline in generation at Patratu thermal units of the Bihar State Electricity Board.

According to a spokesman of the board, power cuts on industries in urban areas was withdrawn on Tuesday and that normal supply was resumed.

However, only 210 MW were generated yesterday against a normal requirement of 600 MW.

The Patratu thermal station generated 190 MW yesterday. The Barauni station is generating 10 to 15 MW against the installed capacity of 165 MW. It generated only 8 MW yesterday. Besides, the hydel unit in Ranchi had to be shut down on November 2.

Large parts of the State yesterday went without power. Productions in industrial units were hit. Water supply and work at hospitals and the Aviation Department were affected.

A spokesman of Indian Airlines said here yesterday that Ranchi airport was not getting power and its microwave channels were severely affected.

The microwave channels can be operated with a captive diesel generating set at the airport for 15 minutes only.

Production of coal in 24 collieries of the Central Coalfields was stopped yesterday because of non-availability of power.

Coal production in four washeries declined from the average 14,000 tons a day to 4,000 tons.

According to sources, the generation figure supplied by the Bihar Electricity Board during the past 15 days was "inflated" and power made available for irrigation was "far below" requirement.

CSO: 4220

POWER SHORTAGE HITS WEST BENGAL

Calcutta THE STATESMAN in English 13 Nov 79 p 1

[Text] A drastic reduction in power supply from the Damodar Valley Corporation has crippled the coal mines in West Bengal and Bihar. For the past fortnight Coal India has been receiving 40% less power than the required 200 MW of which the major share is contributed by the DVC.

The power problem has seriously affected coal production and industries have begun feeling the impact. According to Coal India sources in Calcutta, steel plants had a precariously low stock of 77,000 tons of coal on Monday against a desired stock of 440,000 tons.

The thermal power plants in the eastern and northern regions, served by Coal India had between one and two days' stocks with them. The Coal India office in the city were being requested for supply of coal by other industries which do not come under the priority category.

The Eastern Railway has partly or fully cancelled four pairs of passenger trains for shortage of power for a week. The trains were not fit for running since the loco sheds and maintenance and carriage shops were frequently hit by power cuts. The establishments receive power from the Bihar State Electricity Board.

The Coal India sources said managers of the mines were busy saving the mines and equipment from being flooded. There was 12 to 16 hours' load-shedding a day in the mines. All 94 mines under Eastern Coal Fields were threatened with waterlogging. Seventy-two out of 82 mines under Bharat Coking Coal are being flooded by sub-soil water.

During the day, Coal India's chairman and the Secretary, Union Ministry of Steel and Mines and Coal, visited the Dhanbad mines to review the situation.

According to the Coal India sources, daily production in the Eastern Coal-fields mines has fallen to 60,000 tons from 85,000 tons and in the Bharat Coking Coal mines to 50,000 tons from 75,000 tons. They forecast a "total famine" in coal if the power situation does not improve soon.

Coal mines under Western Coalfields are functioning normally since they are not having any power problem. The mines are catering to the needs of the western region.

Out of a total installed thermal generating capacity of 1,300 MW, the Damodar Valley Corporation generated only 350 MW during the day. According to the DVC, none of its three units at Durgapur generated power during the day. One of them was under statutory overhaul and the other two were being repaired. Three of the six units at Chandrapura were out of commission. The other three units together generated 260 MW. The Bokaro plant of the corporation gave 100 MW.

Calcutta Electric Supply Corporation sources said it had received coal from Coal India but the supply was not sufficient to build a stock needed for five days. A Coal India source said the CESC's requirement was met by a number of mines in the Raniganj fields which were deep and "dying." The requirement of power for raising coal from the mines was considerable. However, Coal India was trying to improve the supply to the CESC.

Meanwhile, the city, its neighbourhood and the rest of south Bengal experienced prolonged power cuts during the day. Newspaper offices were not spared. There was a shortfall of 153 MW in the morning and 60 MW in the evening. The areas served by the State Electricity Board had a deficit of 60 MW and 52 MW.

The Calcutta Electric Supply Corporation generated 165 MW and 230 MW. The board supplied 167 MW and 200 MW to the Calcutta system. The Damodar Valley Corporation's supply varied from 13 MW to 18 MW.

Bandel with its three working units generated 179 MW and 205 MW. Two units of Santaldih together contributed 165 MW and 170 MW. There was no generation at the Gouripur plant. Supply from the gas turbine was 20 MW and 40 MW. The contribution of Durgapur Projects to the board was 26 MW and 25 MW. There was load-shedding on Sunday night when the shortfall was 60 MW at 7 p.m., 25 MW at 10 p.m. and 80 MW at 11 p.m. At midnight the deficit was 30 MW.

CSO: 4220

INADEQUACY OF POWER SUPPLY DISCLOSED

Calcutta THE STATESMAN in English 16 Nov 79 p 8

[Editorial: "Power Famine"]

[Text] Power supply has long been inadequate or erratic in most parts of the country; of late, the problem has become particularly acute in several States. Until recently, the southern region seemed to be somewhat better off, but the present situation and immediate prospects are causing much anxiety. Inadequate rain has reduced hydroelectric generation and cuts in consumption have had to be imposed. According to one estimate, the shortage during the current half of the financial year will be 16 percent in Tamil Nadu and 30 percent in Karnataka. Business organizations in Karnataka complain about far more severe cuts; they have warned that if the situation does not improve soon nearly Rs 1,500 crores worth of industrial production will be lost and about 150 000 workers laid off in the next nine months. In the western region, the outlook in Maharashtra is again gloomy; hydel generation is suffering from the effects of an unsatisfactory monsoon, and thermal from inadequate and uncertain coal supplies. Industrial demand is rising rapidly; the State Government fears that the shortfall may be of as much as 3,000 MW in three years' time. Prospects in the eastern region are the most depressing of all; a survey by the Central Electricity Authority is said to have indicated that the region will have its worst summer next year, with shortages far in excess of what they have been, disrupting the economy and daily life. One day last week, Bihar produced only about a third of its normal requirement; and this has become almost routine. Coal mining in Bihar and West Bengal has been severely restricted by power shortage; this, in turn, will aggravate the power crisis.

A sharp reduction in power supply from the Damodar Valley Corporation has added to difficulties in both States; but the problem in West Bengal is in a class of its own. No other State has suffered so much, or for so long, from an unrelieved and seemingly interminable power crisis; life in no other city has been so seriously hurt as in Calcutta. Nowhere does the problem seem so complex or so resistant to a solution. The present State Government has mentioned--as did its predecessor--factors for which it is not responsible and circumstances beyond its control. The explanation remains as unsatis-

factory as it was under the previous regime. And there is no explanation for a steadily deteriorating situation, despite the expected decline in the performance of old and overworked plants and alleged deficiencies in the design, manufacture and installation of relatively new ones. There is no getting away from the fact of neglect and inefficiency at administrative, managerial and operational levels, apparently compounded by labour indiscipline. Perhaps the authorities have ceased to worry overmuch, having concluded that people have come to accept the ordeal as a fact of life. No one expects the crisis to disappear in the foreseeable future; possibly, even the best of efforts will not yield an early solution. But the problem, or rather its impact, can be reduced by a more determined and sustained drive; people still look forward to a mitigation of what they will have to live with. Even this small hope may eventually be extinguished.

CSO: 4220

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MILK REVOLUTION ENTERS SECOND PHASE

Kuala Lumpur BUSINESS TIMES in English 17 Oct 79 p 13

[Article by Francois Duriaud in New Delhi]

[Text]

"OPERATION Flood" is the code name for a white revolution in India.

If successful, a milk flood will sweep through cities from far away villages.

The final objective of this revolution, now in its second phase, is to set up a national milk grid linking 10 million producers in villages with consumers in 148 cities of more than 100,000 people each.

"Operation Flood II," a seven-year, 4.75 billion rupee (about US\$900 million) project, described as the world's biggest dairy development programme, has just been launched with help from the World Bank and European Economic Community (EEC).

It will build on "Operation Flood I" which began in 1970, with aid from the World Food Programme (WFP). The aim then was to supply pasteurised milk to the country's four largest cities — Calcutta, Bombay, Delhi and Madras.

A major attraction of the programme is the economic growth it generates and the social impact it has on village life.

The EEC Commissioner for Development and Cooperation, Claude Cheysson, said the scheme was "one of the best conceived and most imaginative projects undertaken in

the world for real development of the people." To become a member, the villager has to agree

India has the world's largest cow population — to sell milk only to the 48 million cattle cows cooperative and to subscribe at least one 10

cows, producing about 75 million litres of milk a day, according to World Bank estimates.

Under "Operation Flood II," the daily milk production is to go up to more than 100 million litres, and dairies are to meet between 70 to 80 per cent of the demand in the spot.

Previously, villagers were at the mercy of middle-men, and their income sank to rock bottom in the flush season when buffaloes produced the most milk.

Now, they are paid an average of four to five rupees (50 to 62 US cents) per day. According to the National Dairy Development Board running the programme, incomes of rural milk producers have almost doubled.

Milk producers usually sell one or two litres a day. Most of them are either landless labourers or marginal farmers owning less than one hectare (1.45 acres) of land.

Profits made by dairy cooperative societies are being used for village improvements and result in better schools, local water supplies, electrification, road access and health services.

The programme is regarded as an instrument of social change.

For the second phase of the programme, the EEC will give 184,000 tonnes of dried skimmed milk and 76,000 tonnes of

butter oil worth a total of US\$380 million, and the World Bank group has granted a 30-year, US\$150 million interest-free loan. In addition, about 750 million rupees (US\$93-million) generated by "Operation Flood I" will be released.

Inaugurating "Operation Flood II" on Oct. 2, Prime Minister Charan Singh said the quantity of milk and milk products available per capita per day was less now compared to 20 years ago.

Milk is a main source of protein for a vast majority of Indians who are vegetarian, and Mr Singh said army recruiting officers had observed that young men were not as strongly built today as they were a generation ago.

Under "Operation Flood II," the per capita availability is expected to increase to 16 grammes from less than 110 last year.

A major obstacle in increasing the milk yield per animal is that the Indian cow is poorly fed. Mr Singh said every 160 acres (68 hectares) of Indian land had to sustain four times as many cows as in Denmark.

Useless cattle cannot be slaughtered and productive animals have to share with them whatever food is available because the cow in India is sacred. — Reuter

BRIEFS

ALTITUDE RESEARCH ROCKET LAUNCHED--A high altitude research rocket with a payload for altitude sensor testing was launched [no date given] from the Thumba launching site in Kerala. The payload has been built in West Germany by a team of German and Indian scientists. The sounding rocket has been made by India. The flight was normal with the rocket reaching a height of 148 kms. All systems on board and on ground functioned in an excellent manner. Initial analyses of data obtained showed that the objective of the mission had been fully realized. [Text] [BK081256 Delhi Domestic Service in English 1230 GMT 8 Dec 79 BK]

BOMBAY SHIPYARD SUCCESSES--The Mazagon dock, Bombay, has emerged as one of the most advanced shipbuilding yards in the world. All India Radio correspondent who visited the dock says it is now building ships of various types and sizes. Functioning as a public sector enterprise under the Ministry of Defense Production, the shipyard has been expanded and modernized since its takeover in 1960. It can now build the most advanced vessels up to 27,000 tons. It has built two cargo vessels for Singapore, six cargo vessels for Britain, two large motor tankers for the Iranian Navy and luxury passenger-cum-cargo vessels for the Shipping Corporation of India. Besides building the most sophisticated frigates for the Indian Navy, Mazagon dock has also been entrusted with the job of manufacturing submarines. Its recent significant achievement is the construction of platforms for the off-shore oil well for the Oil and Natural Gas Commission of India. [Text] [BK091224 Delhi Overseas Service in English 1000 GMT 9 Dec 79 BK]

NEW 'SOPHISTICATED' FRIGATE--The Indian Navy is poised for a major breakthrough in indigenous designing of warships and naval weapon systems with stronger punching power. A new sophisticated frigate has been designed to succeed the present Leander class frigates. Being built at the Mazagon docks in Bombay, the new frigate will have a new anti-submarine weapon system and capacity to carry two seeking helicopters which have their own detection devices to locate submarines and carry out an attack. The new frigate is expected to be launched by the middle of next year. [Text] [BK071153 Delhi General Overseas Service in English 1000 GMT 7 Dec 79 BK]

ENVOY TO UNITED ARAB EMIRATES--Laitendu Mansingh, counsellor in the embassy of India in Brussels, has been appointed ambassador to the United Arab Emirates in succession to Muhammad Hamid al-Ansari. [Excerpt] [BK100651 Delhi ISI Diplomatic Information Service in English 1451 GMT 7 Dec 79 BK]

ENVOY TO ALGERIA--Krishan Mohan Lal, ambassador of India in Doha, has been appointed ambassador to Algeria in succession to Krishan Kumar Shiksinhi Rana. [Excerpt] [BK100651 Delhi ISI Diplomatic Information Service in English 1452 GMT 7 Dec 79 BK]

ALUMINIA TO USSR--New Delhi, 28 Nov (AFP)--The Soviet Union [will] import 70,000 tons of alumina from India next year, estimated to be worth 120 million rupees (\$15 million). Official sources said separate contracts were signed with two Indian firms by the Soviet trade organisation (Raznoimport) for purchase of 40,000 tons under one deal and 30,000 tons under the other. The contracts were concluded during the current international trade fair here. [Text] [Hong Kong AFP in English 1024 GMT 28 Nov 79 BK]

CSSR TRADE AGREEMENT--The present system of rupee trade arrangement between India and Czechoslovakia would continue under a 5-year trade agreement between the two countries signed in New Delhi on 3 December, reports PTI [Press Trust of India]. The new agreement comes into force with effect from 1 January 1980 and would remain valid till December 1984. Since signing of first trade and payments agreement in early sixties there had been a spectacular growth in trade between India and Czechoslovakia. The volume of two-way between [as printed] countries doubled between 1963 and 1978 from 470 million to 950 million rupees. [Text] [BK100651 Delhi ISI Diplomatic Information Service in English 1445 GMT 3 Dec 79 BK]

PRESIDENT'S RULE IN KERALA--Kerala has come under president's rule. A presidential proclamation to this effect was issued in New Delhi today. This step has been taken on the basis of the report of the Kerala governor, Mrs Jothi Vencatachellum, in which she had recommended president's rule in the state. [Text] [BK050908 Delhi Domestic Service in English 0830 GMT 5 Dec 79 BK]

MASS PICKETING IN ASSAM--In Assam, a 4-day mass picketing began today. The picketing is before the central and state government offices and residences of several candidates for the Lok Sabha polls. This is in response to the call given jointly by the All Assam Gana Sangram Parishad [people's struggle council] and the All Assam Students Union. They are demanding postponement of the Lok Sabha elections in Assam till the names of the foreign nationals are deleted from the voters list. The organizers have exempted essential services, banks, airways, rail and road communications and shops and bazaars from the picketing. Official sources said the picketing was peaceful. [Text] [BK050910 Delhi Domestic Service in English 0830 GMT 5 Dec 79 BK]

NEW PORTUGUESE AMBASSADOR--The new Portuguese ambassador to India, Joao Eduardo Monteverde Pereira Bastos, presented his credentials to the president, Mr Sanjiva Reddy, at presidential residence on 20 November. [BK301631 Delhi Domestic Service in English 0830 GMT 30 Nov 79 BK]

TRADE WITH POLAND--India and Poland have signed a trade protocol for 1980. The protocol signed in New Delhi today envisages a total trade turnover of 2 billion rupees which is about 11 percent more than the previous year's target. Poland is India's second biggest trade partner in the socialist bloc next only to the Soviet. [Text] [BK301631 Delhi General Overseas Service in English 1000 GMT 30 Nov 79 BK]

NICKEL FROM USSR--The Soviet Union will supply to India nickel worth ER 10 million rupees in 1980. A contract to this effect was signed in New Delhi between the mineral and metal trading corporation and the Soviet foreign trade organization. [BK301631 Delhi General Overseas Service in English 1000 GMT 29 Nov 79 BK]

CSO: 4220

INDONESIA

EX-GOVERNORS LASUT, MUNAFRI ATTITUDES TOWARD OUSTER

Jakarta TEMPO in Indonesian 27 Oct 79 p 9

[Article: "Hugs and Kisses for Those Departing"]

[Text] Willy Lasut remains at home while the transfer-of-post ceremony takes place. Munafri does the opposite and shows respect.

The atmosphere in the home of the North Sulawesi governor, Willy Lasut, in Bumi Berinin, Manado, reportedly was strained on the morning of 20 October. Lasut stood firm against attending the transfer ceremony. "It's best if I do not go for I will not sign the transfer document," he told a TEMPO correspondent later in Manado.

Mendagri [minister of home affairs] Amirmachmud, who was ready to preside at the ceremony installing appointee Brig Gen Erman Harirustaman as North Sulawesi governor, tried to soothe Lasut but he failed. Luckily the tension was eased when Rudini, commander and Laksusda [regional special executive], approached Willy Lasut, kissed him, and according to Lasut, "cried." Lt Gen Leo Lopulisa, Pangkowilhan III [commander III Defense Area Command] did the same thing.

So, the transfer-of-post ceremony was held without Lasut. Amirmachmud told those present that Willy Lasut was ill and therefore could not attend the ceremony. "It's true, I saw that Willy Lasut was ill and authorized him not to attend the ceremony. I saw to it that the transfer document was signed," he said. The room in which the important session of the North Sulawesi DPRD [regional legislature] was being held fell silent even though only two of the 40 DPRD seats were empty.

Security was tight outside the building. Moreover, an alert had been called in Manado and surrounding areas 3 days prior to the holding of the ceremony. The Mahasamra (Sam Ratulangi University students regiment) guarded the area along with men detailed from the Mobile Brigade and ABRI troops. Edu Posumah, Mahasamra commander, headed the search of public transportation vehicles entering Manado from Minahasa. Who knows what

they were looking for! A pamphlet entitled "Crush Corruption, Long Live Lasut," was distributed 2 days before Erman was appointed to the position of North Sulawesi governor.

Reportedly Willy Gaius Alexander Lasut was still puzzled as to why he had been recalled. Refusing to turn in a letter of resignation as Brig Gen Munafri had done, Lasut said he wanted to "see for himself the President's signature on the original copy of the recall decision."

He was mistaken if this is what he wanted. A knowledgeable senior official in the State Secretariat said that each Keppres [presidential decree] was prepared in the original. "However this copy is stored in a steel safe," he said. The individual concerned just receives a true copy of the original prepared in the State Secretariat, and copies are sent to other individuals with a need to know. The same procedure was followed for Willy Lasut for Keppres No 176/M of 1979 honorably discharging him from the position of North Sulawesi governor.

So, the blow has landed and Willy Lasut has been recalled. Meanwhile he is still authorized to remain in Bumi Beringin, the agency housing area for the governor and other important officials in Manado. Lasut also retains the use of two automobiles, telephone service, and other necessities. "But I also have my own pride. I will immediately look for a house in Manado because my children are in school here," he said. The widower with five children and the grandfather of two is now also looking for work.

Will he return to Hankam [Department of Defense and Security]? Among other things, the president stated in his decree No 176/M, "have this senior officer return to the Hankam Department." However, Lasut, who is 53 years old, told TEMPO, "I have been eligible for retirement since 1 October 1978. How can I be reassigned to Hankam?" Lasut already feels "free." However, he said, "As one who has a sense of social responsibility, I can still devote my thoughts and energies to matters of public concern."

As for Brig Gen Munafri, Central Sulawesi governor, this afternoon's ceremony attended by Mendagri Amirmachmud, at which Munafri turned over his post to Col Eddy Djadjang Djajaatmadja, proceeded smoothly and quietly. Polri [Indonesian Police] and Hanri [Indonesian Defense] forces stood guard. After the ceremony at the Central Sulawesi DPRD building in Palu, Munafri, wearing a brown suit, showed respect and turned toward those present, who immediately burst into applause. After the ceremony, Mendagri Amirmachmud hugged and kissed Munafri. Mrs Munafri did not attend the ceremony because she reportedly was also ill in Jakarta.

Munafri's future looks better than that of Willy Lasut. "There is some chance that another assignment may open up for him in a non-Hankam sector," a senior Hankam official said.

SEVERAL KILLED IN NORTH SUMATRA RIOTS

Jakarta TEMPO in Indonesian No 28, 8 Sep 79 pp 8, 9

[Excerpts] Tanjung Balai and its environs were quiet at the end of last week. Security officials were visible, guarding strategic points. The Tanjung Balai Police Office was crowded. Around 200 persons had fled there for shelter. More than half of them had deliberately gone there because they feared for their safety.

What had happened? No natural disaster befell Tanjung Balai last week; it was a conflict between original inhabitants and newcomers. The results were 16 dead from stabbings, and a number seriously or slightly wounded. 103 buildings were burned, including a movie theater, a religious center and 17 fish markets. 503 persons (99 families) were homeless.

These events took place when the Lebaran (end of fasting period) mood was still being felt. Lebaran was celebrated nervously by the inhabitants of several villages near Tanjung Balai, because of the frequent conflicts between groups of original inhabitants and newcomers.

At the end of July, a minor incident sparked fighting between groups of youths in Tanjung Balai. In the aftermath, homes were damaged in Kampung Baru, Kotamadya and Tanjung Balai.

Police arrested 38 youths. The local authorities intervened, and succeeded in calming the public. The mayor of Tanjung Belai guaranteed the costs of medical treatment for those injured, while the Asahan regent is financing the repair of damaged homes.

On 14 August, there was further trouble, this time, in Bagan Asahan Village, Tanjung Balai Subdistrict, Asahan Regency. "All because of dice", said Abdul Majid, village chief of Bagan Asahan.

That day, two youths shooting dice quarreled and finally fought. This developed into a gang fight.

The situation was inflamed. Officials at Asahan Regency intervened to make peace. The leaders of the natives and the newcomers were summoned, and charged with the responsibility of calming their followers.

But the situation did not improve. As Lebaran approached, the newcomers apparently began to evacuate women and children. "We are not prejudiced. If we are asked, the reasons were to celebrate Lebaran in the homes of relatives", Abdul Masjid explained.

On the morning of 29 August, Nyak Din, a newcomer, visited the home of Haji Datuk Idham, a public figure in Bagan Asahan. "Pak Haji, go quickly. Bagan Asahan will be burned tonight", Datuk Idham told Amran Nasution of TEMPO, quoting Nyak Din.

He did not want to believe his visitor's story until Nyak Din began weeping for the injured. The following afternoon, Idham, 50, reported what he had heard to Chief Warrant Officer Ramlan, commander of the Bagan Asahan Police Post. The commander received that report calmly.

Feeling less than satisfied, that evening, Idham evacuated 11 members of his family to the home of a friend who lived just 20 meters from a local police and naval security post. Unfortunately, Haji Idham's report apparently was not passed on to the Teluk Nibung Sector Command.

At about 2300 that night, two Pukat Banting-type fishing vessels carrying around 100 men appeared in the Bagan Asahan harbor. Chief Warrant Officer Ramlan was able to drive them off, but they landed again in the middle of the night.

Their primary target was the home of Hamdan Pucung in Lane IX, Bagan Asahan. The home was burned with kerosene. Two policemen, reinforced by four naval security personnel tried to deal with the situation, but were unsuccessful. "I did not have any firearms, only this weapon", said Chief Warrant Officer Ramlan, displaying a wooden stick like that used by Bruce Lee in Kung-fu movies.

The naval security personnel fired their weapons, but could not stop the attackers, who were like men possessed, from burning the house. The inhabitants saved themselves, only to be welcomed by knives.

There were no telephone communications, so that a courier had to be sent for help to Teluk Nibung and Tanjung Balai, five and eleven kilometers away, respectively.

At about 0045, help arrived from the 206th Resort, Asahan, and succeeded in driving the attackers back to their boats. Two fire trucks were unable to have much effect because the fire was raging. A heavy rain fell later, extinguishing the fire at 0400.

Later that morning of 30 August, it was learned that four persons had died of multiple stab wounds, including one man who could not be identified.

That morning, officials of Asahan regency appeared in Bagan Asahan. They were led by the commander, Area 21/East Coast, as well as Abdulmanan Simatupang, Level I Regional Secretary, North Sumatra. But the presence of some 20 armed officials in Bagan Asahan apparently did not calm the public. A large number of women and children were evacuated from Bagan Asahan and its environs to Tanjung Balai and Kisaran, 37 kilometers from Bagan Asahan.

That afternoon, the villagers mobilized. The 11-kilometer road from Bagan Asahan to Tanjung Balai was full of gangs of men armed with everything from knives to clubs and sharpened bamboo sticks. The situation was difficult. A riot exploded.

The homes of the newcomers were ransacked. Their belongings were thrown out and destroyed. In several places, fights and vicious incidents broke out. Security officials were able only to look for newcomers and conceal them in the office of the Asahan Resort Command.

That afternoon, the riot spread to Tanjung Balai and surrounding areas. Shops and homes were tightly locked, and the streets were empty. That night, two fishing boats and a warehouse which employed generally newcomers were burned. Near the middle of the night, the situation was under control, after troops from the 122nd Regiment, Pematang Siantar arrived, and were stationed at key locations.

On Friday, 31 August, an operation to confiscate all edged weapons was carried out. The gangs were dispersed. Haji Muhammad Abdullah, a member of the North Sumatra Regional Legislature and a prominent Moslem scholar, traveled around by car, speaking via loudspeaker. "Come to the mosque to observe Friday. Be conscious that your brothers have made mistakes. We are one nation and one religion. Come and realize all this", he called.

The commander of the 206 Resort Command, Asahan, Lieutenant Colonel B. Siahaan, went around disarming the public and giving guarantees. "The Armed Forces now here are strong enough to maintain security. Return to your homes. We guarantee your safety", he said, brandishing his pistol. Security was maintained. But several newcomers had died.

The village of Bagan Asahan numbers 5742 inhabitants, in 1200 families, including 40 families from Aceh. They worked on a fishing boat which had been modernized with engines, and no longer had to be rowed.

No native inhabitants worked on that boat because the work was hard, and skills were required. There are 15 fishing boats in the village, each carrying a crew of 27-30.

The fishing boats went down to the sea at about 0200 and returned at about 1600. The newcomers crewing the vessel usually spent their spare time at night in pursuits which led occasionally to clashes with local youths: gambling and drinking.

"Liquor is freely sold there. When you are drunk, anything can happen", explained Ruslan Keneng, chairman of the Bagan Asahan HNSI. Evidently, the troubles of last week were caused by gambling and drinking, and not by a struggle for livelihood resulting from fishing boat operations.

9197

CSO: 4213

RISING FOREIGN DEBT TARGET OF STRONG CRITICISM

Kuala Lumpur BUSINESS TIMES in English 16 Oct 79 p 6

[Text]

A CENTRAL target of strong criticism against the Suharto government is its foreign debt record.

"The much maligned 'Sukarno debts' are rapidly paling into insignificance relative to the debts that the Suharto government is blithely incurring with International Monetary Fund support and approval," Cheryl Payer said in her 1974 book *The Debt Trap, the IMF and the Third World*.

By the beginning of 1978, Indonesia's foreign loans totalled US\$13 billion (about \$28.6 billion). Of that amount, US\$2.6 billion (about \$5.72 billion) constituted loans the country received up to 1964, when President Sukarno was replaced by General Suharto.

"There can be no question, however, that Indonesia stands virtually no chance of climbing out from under her debt burden by any means other than repudiation," Ms Payer wrote.

Indonesia is currently getting some US\$3 billion (about \$4.4 billion) of foreign aid a year, the bulk of it from the Inter Governmental Group on Indonesia (IGGI), consisting of industrial creditor nations.

Government borrowing during Repelita III or

the Third Five-Year Plan (1975-84), however, are estimated to jump from US\$2.661 billion (about \$5.6 billion) in fiscal year 1979 to US\$2.66 billion (about \$5.22 billion) in 1984.

Thus, the rising reliance on overseas sources to fund part of Indonesia's development programme apparently has stirred up concern within the ranks of the government and given fuel to the critics.

To dispel anxiety and criticism that Indonesia seems to be on the path toward irreversible external dependence, President Suharto dwelt lengthily on the issue before the Dewan Perwakilan Rakyat (DPR, — House of People's Representatives) on Aug. 16, the eve of Indonesia's 34th anniversary of its proclamation of independence.

The President used 2,600 of the 17,000-word speech to justify his government's foreign loans.

"There are some people saying that with the increasing size of the foreign loans during the New Order (under Mr Suharto), it is as though our beloved Republic has been sold and that this will only burden our children and grandchildren, the generations to come.

"I state positively here

that we are not going to 'sell' our country for any price whatsoever; nor are we placing a burden upon coming generations. The foreign loans have nothing whatsoever to do with 'selling' the country," Mr Suharto declared.

But he acknowledged the amount of foreign loans grow larger year by year. The development expenditures originating from foreign loans, however, grow smaller every year when compared with the development expenditures that originate from Indonesia's own capacity, he said.

During the First Five-Year Plan (1969-74), more than half the government's development expenditures was financed with foreign loans.

In the second plan (1974-79), with the increase of government savings, the share of foreign loans fell to around one-third of development expenditure.

"Similarly, we are constantly trying to ensure that in Repelita III, the share of foreign loans will relatively be even smaller by comparison with the financing originating from our own capacity. Thus foreign loans are only a

complement to domestic sources of financing in order to accelerate the implementation of development," he said.

The government's effort to speed up and expand the development process would call for increased funding. Despite Mr Suharto's well-meaning intent that domestic sources will be geared to take a greater share of the financing for development, the foreign loans component would still play a visible role.

Mr Suharto offers another picture to justify foreign loans. In 1965 with the foreign debt position at US\$2.6 billion (about \$5.72 billion), the value of the national product was US\$4 billion (about \$8 billion). This means that foreign loans amounted to 65 per cent of the value of the national product.

At the end of 1978 when foreign debts reached US\$13 billion (about \$24.6 billion), the national product had a value of US\$52 billion (about \$1.144 billion).

"This means that our total foreign loans amount to only 20 per cent of the value of the national product. Foreign debts increased four times indeed, but the national product rose as much as 13 times," he said.

Mr Suharto also said that while foreign debts rose four fold from 1965 to 1978, oil export proceeds over the same period rose nine times from US\$424 million (about \$82.8 million) to US\$3,989 million (about \$8,049 million).

He also said Indonesia's debt service ratio was 44 per cent of the country's export proceeds of US\$373 million (about \$1,285 million) in 1965. Today, debt obligations amount to "only" 14 per cent of Indonesia's total export proceeds, he said.

This picture shows that in 1978 our ability to repay the foreign loans is far greater than our ability in 1965," he said.

He also noted the foreign exchange reserves in 1965 were negative. In 1978 foreign exchange reserves have reached over US\$3.9 billion (about \$8.4 billion). Without mentioning names, the President compared Indonesia with a group of 15 other countries that take foreign loans, some classed as advanced among developing nations.

Seen from the angle of the size of the annual instalment against the foreign exchange earned in the year concerned, Indonesia is considered as "good."

In 1979 the total of Indonesia's debt instalments was around 14 per cent of total foreign exchange receipts, placing Indonesia in the seventh smallest position among the 16 countries.

On the position of foreign exchange reserves with the position of foreign loans, in 1978 Indonesia's proportional figure was 20 per cent, the fourth smallest percentage, lower than the 44 per cent average of other countries.

Also, Indonesia's loan conditions were the best among the 16 countries; the average time for repayment was 17 years with an average interest rate of 6 per cent a year.

Mr Suharto justified foreign loans as a "short cut that we took knowingly in order to speed up the course of development — for without accelerating development, we would have become buried under all kinds of increasingly greater social and economic problems."

Observers say Mr Suharto's statement amounted to a plea for understanding of the government policy on foreign aid.

"One of the reasons of restlessness in society is the notion the government has lost inspiration, that it's on the defensive."

That it moves reactively. This was evident in the substance and tone of the state address," says economist and former Finance Minister Frans Seda in an article in the *Kompas* daily.

Although productive results have come out of that aid, one question remains unanswered: When can Indonesia say it no longer needs aid?

Widjojo Nitiasastro, chairman of the national development planning agency Bappenas, responded to that question in 1973 by espousing the universal work ethic: that Indonesians must be hard-working to be more productive and build savings and become more thrifty.

The conservative World Bank suggests Indonesia needs a continued reliance on foreign aid.

It says in its 1978 annual report on the Indonesian economy: "In view of the moderate expectations concerning oil revenues during the next five years, and despite expected continued success in mobilising other domestic revenues, the desire to attack poverty on a broad front is likely to increase the need for reliance on external sources to finance development expenditures." — Depthnews

Realised Repelita II and planned Repelita III expenditures as a percentage of total government development budget:

REPELITA II

	1974-5	1975-6	1976-7	1977-8	1978-9
Govt savings	76.1	64.9	62.0	64.2	59.8
Foreign aid	23.9	35.1	38.0	35.8	40.5

REPELITA III

	1979-80	1980-1	1981-2	1982-3	1983-4
Govt savings	57.2	57.7	57.7	57.7	58.0
Foreign aid	42.8	42.3	42.3	42.3	42.0

Source: Bulletin Indonesia Economic Studies, July 1979.

INDONESIA

ARMY OFFICERS TO BE WITHDRAWN FROM BUSINESS FIRMS

Jakarta KOMPAS in Indonesian 5 Oct 79 pp 1, 5

[Excerpts] As a followup action to the declaration of General M. Jusuf, Minister of Defense and Security/Commander, Armed Forces concerning the ban on active duty Armed Forces officers from engaging in business, the Army is taking an inventory to find out how many active duty Army officers are involved in commerce, or officially assigned to state enterprises.

Army Chief-of-Staff Widodo said this yesterday, after being received by President Soeharto in the Bina Graha. "At least 200-300 Army officers are assigned to state enterprises", he said.

After the inventory, he noted, the names will be forwarded to the Minister of Defense and Security/Armed Forces Commander, who will decide whether or not they will be pensioned off.

Responding to a question, Widodo said, in accordance with the Minister's declaration, all Army officers assigned to state enterprises will be withdrawn, whether they are serving in vital enterprises like Pertamina, or in others. "The only ones to remain are those on pension", Widodo added.

Those who are stubborn and want to engage in business while remaining on active duty, and do not want to be pensioned off, will be dismissed. "If they sincerely wish to report, that will be taken into consideration, but if they are stubborn, they will be fired", said General Widodo.

Concerning cooperatives like the Army Central Cooperative, according to Widodo, it must be determined if they are enterprises. That is because the Army Central Cooperative is clearly an external structure which manages the welfare of members of battalions, military region command and military area commands. It must be recognized that there are enterprises managed by ex-military personnel which assist the Army Central Cooperative.

Responding to a question, concerning the SS-7 rifle manufactured by Pindad Bandung, he said the weapon had not yet been accepted as the standard Indonesian Army weapon, because it is still being studied. This study will take a long time; one or two years are not enough. At present, the American-made M-16 is the standard Army weapon.

Mobile armored vehicles are currently in the study phase. Two of these vehicles have been produced, one with the German "Unimog" chassis, and the other with the "Ahmad" chassis. After testing, the "Ahmad" was found to be more stable than the "Unimog", but less economical. The "Banteng" jeep will become the standard Army vehicle, if it meets conditions. "All of these are manufactured in Indonesia", added Widodo.

Up to now, said Widodo, 25 battalions have received raider training, including 22 Army battalions and three battalions of Marines and Strike Troop Command.

9197

CSO: 4213

BAN ON MILITARY OFFICERS' BUSINESS ACTIVITIES ENFORCED

Choose Service or Business

Jakarta KOMPAS in Indonesian 27 Sep 79 pp 1, 16

[Excerpts] ABRI [Indonesian Armed Forces] officers on active duty are not permitted to engage directly in business activities. Those who do not comply with this decision will be discharged or granted early retirement, Gen M. Jusuf, MENHANKAM/PANGAB [minister of defense and security concurrently Armed Forces commander], explained on Wednesday [26 September] after he had been received by President Suharto at Bina Graha.

According to the MENHANKAM, active duty officers may elect to remain in ABRI or go into business. If they want to remain active and be good military men, they must leave such businesses. However, if they would prefer to remain in business, retirement will be speeded up and they may continue their business activities, Gen Jusuf said.

ABRI officers concerned are those directly involved in business enterprises or in building up such enterprises. They are to be given this choice because they cannot concentrate their full attention and energy on being active duty officers.

Responding to a question, the MENHANKAM said HANKAM has no subordinate businesses. It has only subordinate institutions. Retired officers like Maj Gen (Ret) Subiantoro are assigned to these institutions.

Further, the minister said that the "massive" clash in Bagan Asahan, Asahan Regency, North Sumatra, reportedly has been settled. Religious and traditional ceremonies will be held this coming Sunday, 30 September, in Bagan Asahan. The problem is then expected to be solved.

The conflict in Simpang Kanan, on the South Aceh-North Sumatra provincial border, has also been settled, attention having been given to the interests and religions of all sides--those of the people of Aceh and those of the people of North Sumatra. The resolution of this problem was well received by all parties. Those who no longer feel it of any use to return to their home areas will be resettled by the government, the minister added.

Some time ago there was a dispute between groups of people in Bagan Asahan which resulted in a fish market complex and several government offices being burned. The Simpang Kanan conflict involved the people of Aceh and North Sumatra.

Regarding the Simpang Kanan affair, President Suharto feels he would like only Indonesian missionaries in this country. It is not necessary to have foreign missionaries here. President Suharto discussed this matter with MAWI [Supreme Council of Indonesian Church Heads] and the DGI [Indonesian Council of Churches] some time ago. "It would be best if those who have lived in Indonesia for years take up Indonesian citizenship if they want to keep on serving here," MENHANKAM Jusuf added.

Later, at the same place, the foreign missionary question was discussed by President Suharto with H. Alamsyah, minister of religion. The most expeditious way for those missionaries who have lived in Indonesia for a long time to become Indonesian citizens was discussed with the President. Extensions of the visa of foreign missionaries and their placement will be coordinated by the Department of Religion, the Department of Justice, the Department of Foreign Affairs, and BAKIN [State Intelligence Coordinating Agency]. There are many missionaries here, the minister said, but he had forgotten exactly how many were in Indonesia.

Details of Ban

Jakarta KOMPAS in Indonesian 28 Sep 79 pp 1, 12

[Excerpts] The inspector general's duties and responsibilities are not limited to controlling how operational missions with OPSTIB [Operation Order Unit] are carried out. They also include investigating cases of noncompliance by officials with government regulations, KEPPRES [presidential decrees], laws, and so on, including PP [presidential decree] No 6 of 1974, limiting the activities of civil servants and ABRI members in private ventures.

J.B. Sumarlin, PAN [reform of the state apparatus] minister, replying to a newsman's question after his meeting with President Suharto in Bina Graha on Thursday [27 September], said, "No regulation may be overlooked. If the regulation is not in accord with development, a solution can be found to facilitate its implementation."

The minister said that if the inspector general or senior officials know of any deviations in the implementation of PP No 6 of 1974, for instance, they must report them to the minister concerned. Asked whether, in the 5 years that PP No 6 of 1974 and KEPPRES No 10 of 1974 have been in effect, any concrete steps have been taken and what has resulted, the PAN minister said only, "No qualitative figures are available as yet."

PP No 6 of 1974 states, among other things, that civil servants in grade IV/a of the PGPS [Civil Service Wage Regulation] of 1968 and above, ABRI members with the rank of second lieutenant and above, employees and wives of employees in echelon I/1st level at the center or in the regions, wives of senior ABRI officers, and wives of other officials appointed by a minister or head of an institution are banned from owning all or a portion of a private company, or heading, sitting as a member of the board, or supervising a private company. They are banned as well from conducting official or sideline business activities.

However, this ban does not pertain to shareholders of a company if the total number of shares held does not constitute ownership so that by holding such shares, the individual directly or indirectly decides how the affairs of the company shall be conducted.

It also does not pertain to wives who have been employed by or work as employees of a private or state-owned company whose business is not connected with their husband's work or assignment. Civil servants of grade III/d and below, ABRI members with the rank of first warrant officer and below, and their wives must obtain written permission [last two words printed in boldface] from the responsible official to own a private business or participate in the management of a private company or commercial activity.

For social activities, PP No 6 of 1974 sets certain limitations; for instance, civil service personnel grade IV/a and above, ABRI members with the rank of second lieutenant and above, and all officials are banned from acting as managers, advisers, or patrons of social bodies if they receive a wage, salary, honorarium, or other material or financial benefit. Their wives must obtain an agreement from the responsible official of the department, state institution, or local agency in which their husbands work.

Steps will be taken against those who violate the provisions of the PP, and punishment will be handed out as specified in regulations currently in effect. Every civil agency or ABRI leader is obligated to take steps to ensure that these PP provisions will be carried out, and to take strict measures against any of their subordinates who violate them. Strict measures, based on regulations in effect, will also be taken against leaders who do not take their responsibilities seriously.

6804
CSO: 4213

INDONESIA

HONG KONG FINANCIAL INSTITUTION INVOLVED IN BANK SCANDAL

Bank Takeover Sought

Jakarta MERDEKA in Indonesian 15 Sep 79 p 1

[Text] The BDNI (Indonesian National Commercial Bank) scandal, which arose from claims being filed against it by a number of foreign banks, is regulated by a private financial institution in Hong Kong, a MERDEKA source said today.

The source said news released by an English-language daily published in Hong Kong was part of the financial institution's maneuvers.

Some time ago the ASIAN WALL STREET JOURNAL released the news about the BDNI scandal, which involved a \$25 million loan granted to BDNI by five European banks, and BDNI's problem of repaying these banks' claims.

"Judging from BDNI's financial position, these banks could not possibly have granted BDNI a loan of this size," the MERDEKA source said.

The BDNI draft was good overseas because the bank is underwritten by Gubni Asian Finance Company, a financial institution with headquarters in Hong Kong. Gubni is funded by the Great Union Company and the Hong Kong branch of BNI 1946 [Indonesian National Bank?]. The foreign banks responded to the guarantee offered to BDNI by Gubni. Although the loan requested by BDNI through Gubni Asian Finance amounted to over \$5 million, the reputation of the underwriter, a Hong Kong financial institution which is well known for its strict supervision of monetary affairs, was carried over by these banks to BDNI.

After claims against BDNI were filed by the European banks, Gubni sent its representative to Jakarta to settle the matter. But W., the representative, while in Jakarta, instead tried to persuade Bank Indonesia to authorize it to make payment on those claims and to grant Gubni authority to expropriate BDNI as compensation.

When the offer was rejected by Bank Indonesia, Gubni apparently used the press to release the news of the scandal.

Other Private Banks Affected

Jakarta KOMPAS in Indonesian 18 Sep 79 pp 2, 3

[Excerpts] The case of BDNI, which failed to meet claims filed against it by several foreign banks for drafts and letters of credit (L/C) amounting to \$20 million [as published], results from Bank Indonesia's failure to investigate the bank carefully before permitting a businessman and owner of large plants to become the president-director of BDNI. Jusuf Wibisono, president of PT Bank Perdania, former Indonesian finance minister, talked about the matter with KOMPAS on Monday [17 September].

According to Jusuf, a businessman, particularly a big businessman, is not permitted to be president-director of a bank because there could be a "conflict of interest" between his being president-director of a bank and his doing business in another field. This has proved to be the case with BDNI, where Paulus Wibowo, BDNI president-director, was also the owner of two big steel plants. Wibowo misused his authority as BDNI president-director by using the bank's money, obtained through a foreign loan, for his steel plants.

"Paulus Wibowo may not have said anything about owning the steel plants, but Bank Indonesia should have known about it." Wibisono said.

This proves that Bank Indonesia was negligent, but Jusuf was curious about this since Bank Indonesia usually is very careful about such matters. Moreover, Wibisono had borrowed only about Rp2 million from a bank he managed, and this had been questioned by Bank Indonesia and the origin of the money borrowed had been investigated.

Therefore, how is it that Bank Indonesia did not know about \$20 million of BDNI money being used to finance the two steel plants? Although no reports were available, Bank Indonesia should have known about it. Paulus Wibowo personally should not have been exempt from Bank Indonesia scrutiny. It is not hard to find out whether a bank president-director is also an owner of a big plant, in particular big steel plants.

The BDNI case apparently has not only caused BDNI to suffer but has also touched other private banks in Indonesia because of an unwise step taken by Bank Indonesia.

Following the BDNI case, Bank Indonesia issued a new decision on the acceptance of foreign funds by Indonesian foreign exchange banks. Bank Indonesia Director's Decision No 12/43/Kep/Dir/ULN, dated 24 July 1979, states among other things that private banks in Indonesia are to accept only a limited

amount of foreign funds from either overseas banks or nonbank financial institutions. The earlier decision had applied only to funds received from overseas banks. The addition of nonbanking institutions in the latest decision is due to the BDNI case. Apparently BDNI also received funds from nonbank financial institutions overseas.

Banks that have never done anything wrong also suffer from the provisions of the new decision. For instance, PT Bank Perdania, which Jusuf Wibisono heads, earlier had received much financial assistance from nonbank financial institutions because it has no main bank overseas. It now has trouble finding funds.

This has caused PT Bank Perdania's activities to be curtailed. It is now seeking the best way out so that no complications will arise from its funding by nonbank financial institutions. Many other banks are also experiencing difficulties because many of them obtain funds from nonbank financial institutions overseas.

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CSO: 4213

INDONESIA

FOREIGN CONTRACTORS REJECT TERMS FOR COAL DEVELOPMENT

Jakarta KOMPAS in Indonesian 2 Oct 79 p 2

[Excerpts] The Director-in-chief of the State Coal Company, Ir Adnan Kusume admitted that the terms for the production sharing contract for development of coal in East and South Kalimantan, similar to those applied to Shell, had been rejected by the prospective contractors. The six contractors (one South Korean, one Anglo-American, two Japanese and two American) cannot accept the terms because they are believed to be very harsh.

In an exchange of views with Parliamentary Commission VI yesterday, he revealed that one example of the terms rejected called for giving a certain percentage of coal production "in kind" to the Indonesian government, through the State Coal Company. The prospective candidate from Japan, Nisso Iwai, promised just 6 percent, compared to 18-36 percent promised by Shell.

In addition, American firms cannot accept the production sharing contract signed by Shell because of government taxes. The term, "the coal received by the Indonesian government is part payment of all taxes (like import duty, corporate taxes and other state levies), except taxes on services and customs duties from tobacco and liquor" is unacceptable, because according to the American tax system, they are regarded as not yet having paid taxes. Thus, the contractors would still be liable to further taxes from the American government, which amounts to double taxation.

Ir Adnan Kusuma also announced that the State Coal Company is unable to develop a definite marketing plane for the Third Five Year Development Plan because it fears that prospective buyers will not be able to complete their projects on schedule, so that a change in schedule or delays in projects will ensue. There are also delays in the State Coal Company's own activity, such as exploration and survey.

There is no sign that a start will be made on the Coke and Carbide Project, although according to plan the project is to begin production during the Third Five Year Plan. There is a similar problem with plans for the

completion of Indarung II and III, which is encountering changes in production process from wet processing to dry processing. That change will lessen the demand for coal by 20,000 tons per year.

The State Coal Company is still experiencing deficits. The government will make up this shortage by a supplemental appropriation or subsidy. The amount of the subsidy was 13.6 billion Rupiahs in 1975/76; 3.8 billion in 1976/77; 2.03 billion in 1977/78; and 1.04 billion for 1978/79, through October 1978.

With the aid of government subsidies, the State Coal Company wants to be self-sufficient by 1984/85; at that point, its status will change from a state company to a shareholder company. In that year, plans call for the State Coal Company to reach the breakeven point at a production level of 1.35 million tons per year (630,000 tons from Ombilin and 720,000 from Bukit Asam). Editors note: On 4 December 1978, the State Coal Company cited a breakeven point at a production level of 2.45 million tons per year; 1.7 million from Bukit Asam and 750,000 from Ombilin.

Up until 1983/84, government aid will still be needed for rehabilitation and investment in mining equipment, as well as infrastructure. But whether this target can really be achieved at the end of the Third Five-Year Plan depends greatly on continued government subsidy, and coal sales.

In that regard, it was announced that there is a good chance that Bukit Asam Coal Mine can reach the break-even point by the end of the Third Five Year Development Plan, thanks to a venture with the State Electric Company (Suralaya steam-powered electric generator); railroads; and harbors. However, the target is still in doubt for the Ombilin Coal Company. If the Ombilin Company cannot reach the break-even point at the end of the Third Five Year Plan, the Bukit Asam Coal Company may be separated from Ombilin. Bukit Asam can become a shareholder company, while Ombilin remains a state company.

9197

CSO: 4213

WEST GERMANS EAGER TO INCREASE INVESTMENTS

Kuala Lumpur BUSINESS TIMES in English 26 Oct 79 p 1

[Text]

WEST German industrialists said today they were eager to invest more capital in Indonesia as they regarded it as a stable and highly desirable investment area.

The statement came as a prelude to the opening today by President Suharto of the biggest West German trade exhibition ever held in South-East Asia which will run until Nov. 4.

Dr Otto Graf Lamadoff, the West German Federal Minister for Economic Affairs flew in for the opening.

The exhibition comprises 234 firms, 70 per cent of which are already operating in Indonesia, and has on display goods valued around 20-30 million marks (US\$35-55 million) and is being backed by investment seminars, and up to 90 scientific and technical lectures.

Trade observers here said they believed the exhibition was the biggest ever mounted by any country in South-East Asia and was regarded as major assault by West Germany to gain even stronger acceptance for its products and services in Indonesia.

They say it was equally as important as the fair organised by the West German government in Peking in 1975.

President Suharto told Professor I. Olf Rodenstock, president of the German Industrial

JAKARTA, Oct. 25: Federation that there were many areas in which West Germany could participate in the development activities in Indonesia particularly in the processing of agricultural and other natural resources into finished products.

The West German Embassy said here today that up to the end of last year the country had invested US\$205.6 million in joint ventures with Indonesian firms.

As well the West German government from 1967 to 1978 had given 400 million marks (US\$720 million) in technical aid and 100 million marks (US\$180 million) in capital aid for special projects.

■ West Germany signed an agreement today to lend Indonesia US\$119.3 million on semi-concessional terms to buy four semi-container ships.

Indonesia is to repay the loan in 15½ years, with 3½-year grace periods, at three per cent annual interest.

Dr Lamadoff, who signed for Bonn, said the agreement would help strengthen and intensify friendly relations between the two countries and contribute to the social and economic development of both.

The ships are to be built by the German shipyard of Schlichting G M B H, Lubeck-Tracemunde, he said. — Reuter, AP

INDONESIA

NO ENERGY CRISIS FOR INDONESIA

Jakarta KOMPAS in Indonesian 26 Sep 79 p 2

[Excerpts] Minister of Mining and Energy Prof Subroto explained that Indonesia is not in an energy crisis. There are no lines for kerosene, gasoline, fuel oil or diesel fuel. The public's need for fuel oils can be met.

Minister Subroto said this at the opening of the Energy Conservation workshop yesterday in the Headquarters Building of the State Electric Company, which discussed whether Indonesia is facing an energy crisis necessitating an acceleration of energy conservation. He noted, "Clearly, we must take preventive measures to avoid an energy crisis, and not be suddenly forced to take action after the crisis happens".

But Minister Subroto acknowledged that Indonesia is undergoing an energy crisis of another kind. Deforestation due to rapid population growth has not been balanced by reforestation, especially in the villages, so that the demand for firewood results in the stripping of the forests.

Indonesia conserves in order to reduce her dependence on crude oil. This is not because we must import oil, but because the bulk of our commercial energy needs comes from crude oil, reducing the amount available for export. Indonesia is challenged to rapidly develop thermal power, coal, natural gas, biogas, biomass, to replace petroleum swiftly, and must also use petroleum carefully and thriftily.

9197
CSO: 4213

INDONESIA

PERTAMINA TO GET JAPANESE LOAN FOR OIL EXPLORATION

Jakarta KOMPAS in Indonesian 26 Sep 79 p 2

[Text] Pertamina Director-in-chief Piet Maryono revealed that Pertamina wants to sell considerably more liquid natural gas than it is now selling (Badak- 2 trains; Arun- 3 trains). Between August 1977 and August 1979, Pertamina sent 145 shipments by boat to Japan, with a value of \$1.7 billion, and shipping costs of \$990 million.

Speaking to the members of Parliamentary Commission VI Monday evening at the Pertamina Headquarters Building, Piet explained that in regard to selling this fuel, Pertamina had not yet asked for tenders. That is because the government has not yet set the price of this fuel; Pertamina is to serve as the sole dealer.

The Government of Kuwait's interest in plans for the construction of a hydrocracker-equipped oil refinery in Pulau Batam has decreased. It is hard to hope that this facility will be built in the near future; in contrast, interested parties from Japan, South Korea, Taiwan, West Germany and France have rejected the terms for joint operations for the hydrocracker project in Dumai set by the Pertamina Board of Commissioners. Most of them were prepared only to build the hydrocracker refinery.

Concerning the \$160 million in credits from Japan for oil exploration, Sutan Asin of the Exploration and Production (EP) Directorate noted that the signing of agreements between Pertamina and the Japanese Indonesia Oil Company may take place at the end of October or the beginning of November, as a follow-on to the signing of a memorandum of understanding between Pertamina and the Japanese National Oil Company.

Of the total loan, \$140 million is earmarked for the drilling of 43 exploratory wells, and \$20 million for seismic survey in 64 areas. There will be \$29 million for EP Unit 1, North Sumatra; \$16 million for EP Unit 2, South Sumatra and Jambi; \$65 million for EP Unit 3, Java; and \$50 million for EP Unit 4, East and South Kalimantan. The credit will be granted over a 4 year period, with \$130.5 million during the first 2 years.

In his special report to KOMPAS, he rated cooperation in the form of production sharing as "strong recently", where Pertamina has been ordered to seek oil. Japan has set aside the funds, so that the finding of oil is a challenge to Pertamina.

He said the \$160 million from Japan, is sufficient, compared to last year's total of \$200 million from foreign contractors and \$40 million from Pertamina. If this cooperation succeeds, Pertamina will expand its scope to other nations.

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CSO: 4213

LOAN AGREEMENT WITH JAPAN ON ACEH UREA PLANT

Rangoon THE WORKING PEOPLE'S DAILY in English 26 Oct 79 p 6

[Text]

TOKYO, 24 Oct--A loan agreement worth 33 billion yen from the Japan Overseas Aid Fund (OECF) for the ASEAN fertilizer plant in Aceh was signed here Tuesday by Indonesian Ambassador Sayidiman Suryadiprodjo and Kaneo Ishihara, Chairman of OECF.

The signing was following the exchange of notes between Japanese and Indonesian governments in Djakarta Monday on the total of Japanese aid to the fertilizer plant. The Japanese aid to the plant totals 47.5 billion yen (220 million US dollars) comprising the 33 billion yen from OECF and 14.5 billion yen from the Japan Export-Import Bank. Conclusion of the agreement on the Japan Eximbank will follow shortly.

With the realization of the loan agreement the construction of the Aceh urea plant, which is one of the five ASEAN projects promised a total loan of one billion US dollars by former Prime Minister Takeo Fukuda during the ASEAN Kuala Lumpur summit in 1977, will soon be well under way.

The urea plant, using natural gas from the Arun liquefied natural gas project in that region, is scheduled to be completed and operational early in 1982. The first production is estimated to total 427,000 tons annually and will later be raised by stages up to its full capacity of 570,000 tons.

The project will cost about 313 million US dollars of which Japan is willing to put up 220 million dollars or 70 per cent and the rest is to be borne by the five member-countries of ASEAN at a ratio, 60 per cent by Indonesia and 13 per cent, each by Thailand, the Philippines and Malaysia and one per cent by Singapore.

The fertilizer project is the first to get the Japan aid whereas the other four, promised a share of the

loan, will get theirs later.

The OECF loan will be repayable by instalments within 25 years including a grace period of seven years and an interest of 2.5 per cent per year.

The agreement puts the general untied term allowing using the money to buy components from other countries for the project except engineering services.

Sayidiman said beside helping raise the productivity of the countries in food the fertilizer project served as a good example for North-South cooperation.

NAB/Intara

INDONESIA

MINERAL SEARCH SCHEDULED UNDER THIRD 5-YEAR PLAN

Kuala Lumpur BUSINESS TIMES in English 8 Oct 79 p 18

[Text]

MINERAL planned for exploration in Indonesia during the third five-year plan ending 1984 are copper, lead, zinc, bauxite and bentonite, the Minister of Mines and Industry, Subroto, said yesterday.

Mr Subroto told a working meeting of the sixth parliamentary commission that copper, lead and zinc would be mined in the Sangkaroppi area of south Sulawesi and in Mount Limbung in west Java, copper in the Eastern Hills (Ore) Mountain of Iran Jaya, low grade bauxite in Bintan Island in the Riau

Archipelago, and Bentonite in west Java and Jogjakarta.

He said the minerals listed are only part of the deposits discovered in recent years, including copper, lead and zinc in Sangkaroppi and Mount Limbung, copper in north Aceh and the Eastern Ore Mountain, iron sand in Purworejo, central Java, bauxite in west Kalimantan, tin in south Sumatra, coal in south Sumatra and west Sumatra, Bentonite in south Sumatra, west Java and Jogjakarta, and various other minerals in other areas.

JAKARTA, Oct. 7

Mr Subroto also told the meeting that the projected alumina plant in Kuala Tanjung in Asahan regency, north Sumatra, or in Bintan island could not be completed in time for the product to be used by the Asahan aluminium smelter scheduled for operation by the end of 1984.

Consequently, he said, the Inalum Company, a joint Indonesian-Japanese venture for the Asahan hydro-electric and aluminium smelter project, has been approved in principle. — AP

CSO: 4220

PRESIDENT SUHARTO OPENS KRAKATAU STEEL PLANTS

Kuala Lumpur BUSINESS TIMES in English 11 Oct 79 p 1

[Text]

JAKARTA, Oct 10

PRESIDENT Suharto has inaugurated steel billet, wire rod and steel pipe factories and a 400-megawatt steam power plant at the Krakatau Steel plant in Cilegon, West Java.

When the five-stage plant is fully completed in 1983 it will feature hot-strip mills with an annual capacity of 700,000 tonnes, of which an undisclosed amount will be exported, industry sources said.

They said the project is using a US\$470 million credit from the West German government.

In his inauguration speech, President Suharto said Indonesia is importing iron ore for the plant, adding production of finished and partially-completed steel products would make the complex lucrative.

Industry sources said pelletised iron ore has been imported from Sweden, Brazil and Australia for use in a direct reduction plant producing

sponge iron, which opened in August last year with a 500,000 tonne annual capacity.

The first sale of 30,000 tonnes of sponge iron for US\$3.2 million to India was reported earlier this month.

The sources said the opening of the steel billet and wire rod factories will decrease reliance on such imports from Japan, Korea, Taiwan and Australia.

■ Indonesia's national airline company, Garuda, has to hire foreign pilots because some Indonesian pilots lack discipline, Indonesian Civil Aviation director-general, Mr Sugiri, said yesterday.

"Garuda requires its employees to be people with strong discipline to ensure smooth performance of duty in order not to harm its image among the public," Mr Sugiri told the Press.

Foreign pilots — mostly former pilots of the Dutch airlines Company (KLM) — hired by Garuda are used to fly DC-10s. — Reuter, AFP

CSO: 4220

INDONESIA

DEVELOPMENT OF WOOD-BASED INDUSTRIES HAS HIGH PRIORITY

Kuala Lumpur BUSINESS TIMES in English 17 Oct 79 p 6

[Excerpts]

INDONESIA, which consists of more than 10,000 islands, is blessed with vast forest wealth. According to a prominent forest botanist, it has no less than 8,000 tree species, covering an area of approximately 122 million hectares (268.4 million acres).

This is about two thirds of the total land area of the country. A little less than 3 million hectares of permanent forest area are located in Java, the fifth biggest island.

Except for protected forests in mountainous regions covering a total area of about 900,000 hectares, much of the rest has been converted into regular plantations under established management systems.

These plantations consist of about one million hectares of teakwood, while the remaining one million hectares are covered with other species, mostly quick growing ones, such as pine, agathis and several hardwoods.

The teak plantations were started during the seventies of the nineteenth century under an agro-silvicultural system.

The remaining 119 million hectares of humid tropical forests are spread over the other territories, mostly on the bigger islands of Kalimantan, Sumatra, Irian Jaya and Sulawesi.

where, since the beginning of this decade, large scale mechanized logging operations have been taking place.

Based upon global aerial and ground surveys, the productive forests earmarked for timber extraction are estimated at about 50 million hectares with a production capacity of at least 50 million cubic metres per year of timber consisting of just a small number of species predominantly of high commercial value. This does not include lesser known species of much greater variety and quantity, and may have industrial value in the future.

The Indonesian Forest Department is undertaking a detailed inventory in order to get more precise data and information. According to official estimates, the present timber production is of the order of 22 million cubic metres per year, accounting for about 50 per cent of the total production potential.

Indonesia has in the past two years taken over from Malaysia as the world number one exporter of tropical hardwoods.

With its vast forest resources, it is regarded as the biggest tropical hardwood resource in South-East Asia.

Of the total estimated forest area of 122 million hectares, 50 million hec-

tares has been allocated for industrial purposes and the balance is reserved for environmental, recreational and other purposes.

This vast potential of wood resources is the basis for the development of its wood products industries including sawmills, plywood mills, veneer mills and there are plans also for pulp and paper mills.

Production of logs in 1971 was a meagre 18.7 million cubic metres and has increased gradually since to reach 26 million cubic metres in 1978, an increase of almost 100 per cent within seven years. For 1979-80 a production of 32 million cubic metres of logs is projected, from which 14 million cubic metres are allocated for domestic processing.

In 1973, there were only two plywood factories in Indonesia with a production output of 9,000 cubic metres. In 1978, five years later, there were 18 plywood factories in operation with a total output of 434,000 cubic metres, while 11 additional plywood plants are under construction.

About 80 per cent of the production of plywood is consumed locally for household articles and furniture, as wall decoration in buildings and for other industrial purposes. The government anticipates that with the progress of economic development,

the domestic demand for plywood will steadily increase.

Indonesia is currently exporting about 88,000 cubic metres of plywood, (mostly to Europe and United States) much below the volume of export by other Asean countries like Malaysia (410,000 cubic metres), the Philippines (348,000 cubic metres) and Singapore (530,000 cubic metres).

Considering the vast wood potential in Indonesia, it is realistic to expect that in the near future more and more plywood in the world market will originate from this country.

Indonesia has opened its doors to investors to join in the establishment of more wood-based industries, especially for the export market.

In line with its policy to restrict the export of logs, the government has given high priority to the development of timber-based industries.

Since the devaluation of the rupiah in November last year, Jakarta has framed several new policies and regulations to stimulate private domestic and foreign investments.

They are directed to encourage the investment in manufacturing sector, using domestic resources to diversify, and strengthen, the existing manufacturing structures and to promote export-oriented industries.

PLANNED EXPANSION OF TEXTILE PRODUCTION

Kuala Lumpur BUSINESS TIMES in English 23 Oct 79 p 18

[Text]

INDONESIA'S textile industry, operating under heavy handicaps prior to the first five year development plan (Repelita One), has developed rapidly to become a major industry.

Its exports now go not only to the surrounding region but also to industrialised countries such as the United States and Europe.

The Indonesian government during the current third Repelita has set targets for the industry which would put it ahead of other non-oil industries.

An official of the Industry Ministry says that textile and garment exports will play a major role in boosting Indonesia's non-oil exports by the end of the third plan.

This is possible due to favourable developments in overseas market. Industrialised countries are paying more attention to highly sophisticated industries. This allows the developing countries like Indonesia to step up their textile production to meet the need of such advanced countries.

The Indonesian textile industry started to make headway following the launching of the first and the second five development plans (Repelita). Its production rose to a total of 1.6 billion yards by the end of the second plan.

Now, in the first year of the third Repelita, the industry is fully geared to expand production.

But there are still a few problems facing the textile manufacturers in Indonesia.

The government has to look into certain regu-

lations governing the textile industry, said a member of the Indonesian Textile Association (API).

Another main concern of the textile manufacturers was that raw materials like raw cotton and synthetic fibres are still being imported from abroad, he said.

"Indonesia needs about 76,000 tons of cotton a year of which 90 per cent is met by imports from abroad," he said.

"Indonesia's textile industry, actually has good potentials for development particularly in weaving and knitting sectors. Indonesian population is continuously on the rise, and the textile industry has to keep step with the increased numbers, now exceeding 140 million.

There are great opportunities open for Indonesian textile exports. It is expected that exports this year will reach a value of US\$150 million.

It is also anticipated that the amount will steadily increase in the future as exports of ready made clothes are on the rise to Singapore, Japan, Europe, Canada and Middle East countries.

A total of RP1.800 billion (M\$4.8 billion) has so far been spent through both domestic and foreign investments to develop the textile industry.

The industry has a total work force of 260,000 workers.

In Jakarta today, Indonesian Textile Association (API) began its second congress to look into means of reducing dependence on imported

raw materials.

To meet the target, a realistic work programme has been worked out which includes the development of cooperation between all sectors involved in the development of industry including the batik and other garment factories.

The programme put before the Indonesian manufacturers outlined schemes for modernisation of the industry to increase output and to absorb more workers.

API is also trying to adopt a textile export strategy which will also cover the sales promotion of batik and garments abroad.

The strategy is directed to bring in as much foreign exchange to Indonesia and also to create a healthy investment climate for the industry, said an API official.

While all out efforts are being made to modernise and increase production, the manufacturers are seeking government assistance to achieve self-sufficiency in the supply of raw materials for the industry.

According to another manufacturer, Indonesian textile production at present has reached a total 1.6 million metres (1.6 billion yards) about 80 per cent more than to the level of production before the second plan.

The industry at present has a total of 1.7 million spinning units with a total production of 1.6 million tons per year. In 1974, there were only 870,000 units.

More industries producing texture threads are being set up in the country.

HIGH OIL PRICES STIMULATE EXPLORATION

Kuala Lumpur BUSINESS TIMES in English 27 Oct 79 p 12

[Text]

JAKARTA, Oct. 26
INDONESIA is experiencing an upsurge in oil exploration and development that could boost the country's crude production to more than two million barrels daily by the mid-1980s from the present level of 1.6 million, Director General for Oil and Natural Gas Wijarno said.

He said in an interview that the current boom in the petroleum sector is the direct result of higher prices for crude that has made exploration and development in expensive, isolated and difficult fields profitable.

Output of 2.5 million barrels per day is not impossible, he said.

Mr Wijarno's remarks are in contrast to projections prior to this year's oil price increases that Indonesian crude output would decline through 1982.

Now Mr Wijarno and several other oil analysts all expressed confidence production has leveled

off and could begin increasing again as soon as 1981.

Some industry sources, however, expressed concern that the new high prices may cause the government to rescind an exploration incentives programme that provides financial bonuses for companies producing new crude.

Meanwhile, sources said Indonesia may grant five American oil companies the right to explore South-East Asia's biggest natural gas field in the Natuna archipelago 1,200 kilometres north of Jakarta in the South China Sea.

The Italian oil company Agip has spent over the past years a US\$80 million budget to explore the 600 square kilometre archipelago but decided recently not to renew its contract, considering high exploitation costs.

The five US firms are Gulf, Esso, Marathon, Mobil and Amoco, sources said. - Reuter, UPI

CSO: 4220

INDONESIA

TAX DELINQUENCIES INCREASING

Jakarta KOMPAS in Indonesian 6 Oct 79 pp 1, 13

[Excerpts] Director General of Taxation Drs Sutadi Sukarya said that as tax revenues continue to grow, the amount of tax arrears is growing increasingly large. The average is more than 20-25 percent of revenues each year.

He also revealed that Indonesian businessmen are lax in their attention to administration. Moreover, prominent, well known figures active in the business world have a similarly low awareness of administration. This complicates the task of the Directorate of Taxation, both in collecting revenues and handling taxpayer objections.

Sutadi Sukarya revealed this at a work session with Parliamentary Commission VII, headed by its chairman, Drs Soedardji yesterday.

Sutadi Sukarya acknowledged the problems of delinquent taxpayers.

In 1973/74, the final year of the First Five-Year Plan, tax revenues totalled 207 billion Rupiahs, and arrears, 52 billion. In 1974/75, the first year of the Second Five-Year Plan, revenues were 327.7 billion and arrears 80.8 billion. In 1978/79, the final year of the Second Five-Year Plan, revenues were 863 billion Rupiahs, and arrears, 220.2 billion. However, Sutadi Sukarya noted, the year to year percentage of increase of arrears was declining.

In detailing the reasons for arrears, he said that one category was taxpayers of unknown address (invisible taxpayers). This category amounted to 24 percent of arrears. Another 17.9 percent involved taxpayers who had lodged objections that were still being processed, and taxpayers experiencing liquidity problems. Still another 14.9 percent had not filed a declaration of taxes, so that they could not be assessed by the chief inspector of taxation. The remaining 43.2 percent were from various causes, but particularly of taxpayers, who had been assessed fines or additional payments because of negligence.

To deal with this problem, the Directorate General of Taxation had instituted a system of active persuasion, in which tax officials reminded taxpayers by letter or telephone several days before the deadline for payment. The Director General also reminded employers about withholding taxes. Also, tax assessments and the settling of taxpayer objections were accelerated.

Sutadi Sukarya also revealed problems in Regional Development Collection claims. In his opinion, these problems were intolerable. In 1978/79, the Directorate General of Taxation forecast revenues of 65 billion Rupiahs for Regional Development Collection funds, but arrears from past years have reached 50.8 billion Rupiahs.

Concerning delays in the settling of taxpayer objections, Sutadi Sukarya noted that it was caused by tax regulations hindering settlement, and by imperfect organization of the Directorate General of Taxation, itself. However, a major contributor to the problem was insufficient or nonexistent documentation. There are taxpayers who file petitions which only say "I object to my assessment!" There is no supporting data on employment, or other information. This creates endless problems, because it necessitates correspondence, investigation of businesses by officials, etc.

He also noted that one of the major problems is that taxpayers do not keep proper books. Indonesian businessmen do not pay sufficient attention to administration, and many prominent figures in the business world do not recognize the importance of administration.

For example, of the thousands of Domestic Capital Investment enterprises, only 5 percent use the services of public accountants. Among Foreign Capital Investment firms, the figure is 61 percent. Enterprises using public accountants are believed to have more reliable taxpayer data than those who do not use the services of public accountants.

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CSO: 4213

EIGHTH ANNIVERSARY OF THE CSIS

Jakarta TEMPO in Indonesian No 28, 8 Sep 79 pp 10, 11

[Text] Eight rice cakes, including one which was cut by Honorary Chairman Ali Moertopo, marked the eighth anniversary of the Center for Strategic and International Studies (CSIS) which was celebrated last Monday. About 300 invited guests attended the simple ceremony held in the Center, located on Jl Tanah Abeng III, Jakarta.

Those present represented various elements: colleges, members of Parliament, service chiefs, high officials, the government, bankers, businessmen, and the foreign press. Among the foreign diplomats present was American Ambassador Edward Masters.

Only several ministers known as "insiders", like Minister of Industry A.R. Soehoed and junior minister Cosmas Batubara was present for the one and one-half hour commemoration. No writings or posters were visible. There were few floral tributes from clients. A technical speech by Daoed Joesoef, chairman of the Director's Council was the highlight of the ceremony.

Formed on 1 September 1971, the CSIS is regarded as an influential institution close to the government. Several figures in the CSIS hold important posts in government organs and functional groups. For example, Minister of Information Ali Moertopo, Minister of Education and Culture Daoed Joesoef, junior minister Cosmas Batubara, Minister of Social Affairs Sapardjo, and members of the Supreme advisory Council, Harry Tjan, Jusuf Wanandi and David Napitupulu.

But according to the directors, themselves, "This is a private, non-profit research institute", Managing Director AMW Pranarke told TEMPO. Under the auspices of the Institute Proclamation, the institute was founded by two groups of Indonesian scholars in Europe and Jakarta, who had begun informal activity in 1968. Among them were Daoed Joesoef, then in Paris, and Harry Tjan and his friends. Afterwards, the European group returned, and the Institute Proclamation was formed.

"As usual, young children need a father to unite them, and, if necessary, to give motivation, sponsorship, and financial aid", explained Harry Tjan, now deputy chairman of the Director's Council. Two military men looked upon as "fathers" were Ali Moertopo and Soedjono Hoemardani. Those two were later named honorary chairmen of the CSIS, positions they still hold.

After the CSIS was formed, many similar research institutes appeared. These include the 17 August 1945 Institute, headed by B. M. Diah; the Bhinneke Tunggal Ika Institute, headed by H. M. Sonhadji, former principal director of the Sandang State Company; the National Institute for Development Studies headed by Adi Sasono; the Institute for Support of National Development, headed by Yusuf Ismail and Iman Waluyo; and the Institute for Awareness of the Constitution of 1945, managed, among others, by Hugeng Iman Santoso and Mochtar Lubis.

The close connections of the CSIS to the government has made people hesitant about the objectivity of its research. But Center figures denied this. "The Center basically does not reflect official attitudes, and does not make recommendations on their behalf. Our reports and analysis are in the name of the individual who wrote them. The Center is responsible only for the quality and objectivity of the analysis it produces", Daoed Joesoef said last Monday.

During its eight years, the CSIS has sponsored 30 national seminar, bilateral and multilateral, to perform jointly various foreign studies. About 30 books have been produced by the institute. Besides these is the "Summary of Events", published biweekly, and "Analysis", published monthly. "The Indonesian Quarterly" is published in English. The Center's library has about 8,000 books, devoted primarily to problems of strategy and international studies.

How is the CSIS funded? "The Institute prepares its finances based on estimates made to the Director's Council", said Harry Tjan. The Director's Council then discusses with institutes whose members include several businessmen representing business circles. Those businessmen later contribute to funding. According to the CSIS financial report for 1978, their budget last year was 233 million Rupiah.

The unique position of the CSIS invites frequent attacks. For example, there are charges that it is dominated by the "Catholic Group", or non-native groups. Drs A.M. Fatwa, in a sermon on Idul Fitri holy day, charged that the CSIS was "a private institution with a role that rivals that of the National Development Planning Board".

Attacks like that are nothing new. "It's an old story. But we can prove the CSIS works in the national interest", said Harry Tjan. These harsh attacks will not be believed. "We are a research institute. If we respond, we will lessen our essence as a research institute", he said.

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CSO: 4213

KAMPUCHEA

NORWEGIAN CORRESPONDENT REPORTS ON MEETING WITH KHMER SEREI LEADERS

Oslo AFTENPOSTEN in Norwegian 16 Nov 79 p 21

[Commentary by Gunnar Filseth]

[Text] "Here you see the largest town in Cambodia," said Prince Norodom Soriovong, extending his arm in a dramatic gesture. All around us--as the eye can see across fields of rice and bushland--is a chaotic multitude of straw huts, tents and tarpaulins, resembling a huge, overgrown village.

"Today we have 200,000 people here and there will be more tomorrow. Here you see the suffering as well as the future of Cambodians."

The guerrilla leader was surrounded by barefooted bodyguards, carrying well-worn automatic weapons, and civilian staff members whom he called "ministers." The leader himself has many titles: Norodom Soriovong is vice president of the National Movement to Liberate Cambodia (MNLC), one of a number of center and right-oriented guerrilla movements that have sprung up like mushrooms in Cambodian border areas in the last year. He also has the title of "prime minister." The National Movement formed its own "government" recently, an alternative to the Heng Samrin administration, which was established by the Vietnamese in Phnom Penh, and to Pol Pot's Red Khmer regime, which is still being recognized by most countries. The guerrilla leader is also called "prince," claiming to be the cousin of Prince Norodom Sihanouk--which the latter says is untrue. The relationship is far more distant than that, according to experts on the royal family's complicated genealogy. However, there is no doubt about the fact that Norodom Soriovong obtained a doctorate degree in philosophy after studying at French universities. He speaks French in an exaggerated tempo and seems almost hysterical because of his intense gestures--giving the V-sign time after time.

"The Khmer people are in the midst of a very serious crisis today," he shouted. "Their situation is most dramatic. The Vietnamese want to eradicate the entire Khmer race; they want to take over our country and make it a part of Greater Vietnam! What can we do? We must fight while there is still time!"

We were inside Cambodia, less than 1 km away from the Thai border. That particular morning a man from the Thai border village of Koke Song, who knows the area well, had offered to escort me and a Swedish TV reporter across the border with the following warning: "Stay directly behind me. Do not get off the path. The Vietnamese may have been here and they place mines everywhere."

After an hour's walk we crossed the border, which is primitively marked--a few trees have been "marked" with an axe. As soon as we crossed over to the Cambodian side of the border we were astonished by what we saw: A myriad of people! Thousands walked the trails which serve as thoroughfares in the enormous Reahou camp. The camp holds large numbers of refugees and a few thousand guerrilla soldiers.

"What was our mission here?" We were stopped by a few men and women who carried guns. Some of them were dressed in military camouflage uniforms, others wore a variety of civilian clothes, almost a comical sight. They were either barefoot or wore worn sandals made of old tires as they stood guard near a post surrounded by bunkers and trenches.

"We are Khmer Serei--"Free Khmer.'--We fight the Vietnamese as well as the Red Khmer," said the leader.

After walking another few hundred meters we arrived at headquarters--a large tent, which is occupied by "prime minister" Norodom Soriovong. When we asked him how many people lived in the camp, he sent for the chief of his department of statistics, Seth Samol. He placed a detailed, handwritten statistical report on the table. The report included the seven sectors of the camp as well as all the groups of people living there, from infants to elderly. From 5 to 10 November the camp's population had risen from 191,270 to 163,475, an increase of 62,205 persons. That is an average of 12,000 per day. Since the report had been prepared a couple of days ago and there was no apparent let-up in the influx, the chief of statistics estimated the total figure would reach 200,000 the next day.

Were these figures accurate or had they been "blown up" to impress the outside world of the need for more relief? It would be difficult to verify the figures, but, after spending a couple of hours among all these people, we no longer doubted that the population in this "bush" camp would almost equal that of Bergen. "We expect a quarter of a million people here," said Prince Soriovong.

Why the influx into such a small place? Col Prom Sakon, actually the MNLC movement's military leader, answered that question:

"People are being moved here from other camps, which are also under our control. But they are too exposed. The Vietnamese often fire on them with hand bombs or cannons and we have several dead or wounded every day...."

"How safe are people in the new Reahou camp which had only 20,000 refugees 1 October?" The colonel answered:

"Things are better here, but, of course, not as good as we would like. The Vietnamese are only 14 to 15 kilometers away. They are preparing for a mass attack. They have an entire division and several tanks at that location. If they move toward us, our civilian population will flee across the border. Our soldiers will provide the necessary protection...."

However, military experts in Thailand believe the guerrilla soldiers with their hand weapons will be obliterated if the Vietnamese war machine starts moving. And what if the Vietnamese are not content just chasing the Cambodians into Thailand, but decide to encircle and cut off the entire Reahou camp with their armored divisions? What will happen to the masses of civilian refugees if the Vietnamese move in to "rid" the camp of guerrilla soldiers?

Most of the refugees have done what they can do to protect themselves in that situation: Outside each little shelter, of which there are tens of thousands, they have dug trenches for protection against grenades. At night families gather all their belongings into a bundle.

If the Vietnamese attack during the night, they can quickly pick up their bundles and flee across the border--if they get that far. Thai authorities estimate that a civilian population of one million Khmer is concentrated in a corridor 18 miles long and 10 to 20 kilometers wide just inside the Cambodian border. One fifth of all "Corridor refugees" are now in camp Reahou.

"What is the military strength of the MNCL movement?"

"We have enlisted 16,000 young men and women as soldiers," said the colonel and added: "We only have firearms for 4,500 and we are short of ammunition. However, new companies are being formed every day and our military patrols are prepared to fight the Vietnamese and the Red Khmer day or night. We man a large number of advanced positions. Our soldiers will fight to the last. They know that if we cannot get the Vietnamese out of our country, the history of our people will soon come to an end...."

The physical and psychological health of the refugees at camp Reahou varies. Some are relatively healthy, others are marked by hunger and other problems. Some smile, others are pale and dull-looking.

The only way to get food has been to buy from black marketeers in Thailand, who have made good money on the crisis by selling the food at exorbitant prices. Cambodians have acquired money by selling their valuables to these traders--at bargain prices. Some owned gold jewelry and other items which they hid when the Red Khmer began its terror in 1975. These treasurers were later found.

"But those items are gone," said Soriovong. "All the gold has been sold and hardly anybody has any money left. We are faced with a deadly serious crisis. Some 30 to 40 of my people are dying every day. In a couple of weeks there will be many, many more. If we do not get food and medicine from the outside world, it will be catastrophic.

Today many live on roots, bark and green leaves. Look at the forest here. There are hardly any leaves left on the trees that have edible leaves. Look at the vultures up there. There will be more and more of them...."

PHOTO CAPTIONS

1. p 21. Prince Norodom Soriovong gives the V-sign. Some carry rocket weapons, which are the heaviest weapons used in guerrilla warfare. The soldier in the center is a women.
2. p 21. He is 15 years old and a guerrilla soldier.
3. p 21. Some of the refugees who arrived that day. They are waiting to be assigned a place in the camp.
4. p 21. Refugees on their way into camp--while military patrols are marching out.

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KAMPUCHEA

'VOICE OF DEMOCRATIC KAMPUCHEA' BATTLE REPORTS

Enemy Troops Put Out of Action

BK091519 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 1 Dec 79 BK

[Text] Our heroic Kampuchean Revolutionary Army, revolutionary guerrillas and people throughout the country are uniting as one in continuing to hold aloft the banner of people's war to liberate the country and preserve the Kampuchean race against the extremely ferocious and savage special war of genocide of the Vietnamese enemy, daily inflicting heavy losses on them and smashing one suppression operation after another on every battlefield.

Ratanakiri-Stung Treng battlefield:

On 7 November three Vietnamese troops were killed and eight were wounded when they stepped on our mines and punji stakes planted by our guerrillas on their passage ways at O Dambok. On 1 November we attacked the Vietnamese at Peam o Dambok, killing two and wounding two, and at O Nonong of Siem Pang District, killing two, including a battalion commander, and wounding some others. On 12 November we attacked the Vietnamese sallying out of Phum Kalai, killing two and wounding three. The rest fled to Siem Pang. On 14 November we attacked them near Sre Krau, killing two while seven others were wounded when they ran across our punji stakes. The rest retreated in panic. On 15 November we attacked them at Peam o Dambok, killing and wounding 2, and at O Smang three times, killing 3 and wounding 13. On 22 November we intercepted them on the road from Siem Pang Astward between Chantuh and (Sre Phal), killing 15 and wounding 25. More than 10 others were wounded by our punji stakes.

Kratie battlefield:

Sambo District--On 13 November we attacked the Vietnamese at the Prek Krieng bridge, killing one and wounding three. On 14 November we attacked them at (Mi Kou), killing three and wounding one. On 16 November we attacked them at (Mi Kou), killing three and wounding one. On 16 November we attacked them at Phnum Pi, killing three and wounding five. On 17 November we attacked

them between Phnum Pi and Sre Meun, killing one and wounding two while three others were killed and five wounded when they fell into our punji traps. On the same day, when they left Sre Sbov for Phnum Sdech, we killed five and wounded three of them while another was killed and two were wounded by poison-tipped punji stakes.

Siem Reap-Oddar Meanchey battlefield:

Chikreng District--On the night of 17 November we lobbed grenades into Phum Pongro, killing 20 enemy troops and wounding 15 others, including a captain who was killed. Two other Vietnamese troops were killed in our traps.

Svay Leu District--A regiment of Vietnamese troops left Svay Leu for Phum Chek and Phum Angkrong to conduct a suppression operation against our people in Phum Khvav. On 12 November we ambushed them, killing 15 and wounding 10. The rest fled in disorder, stepping on our mines and suffering three killed and two wounded in the explosions. On 13 November we again attacked them at Phum Pratheat, killing three and wounding five. The rest fled in disorder. Three more were killed and two were wounded in one of our mine-fields. On 14 November a company of Vietnamese troops leaving Phum Pratheat to suppress the people in Phum Krau were ambushed by our guerrillas, who killed 10 and wounded 15. Two others were killed and another wounded in mine explosions. On 15 November a company of Vietnamese troops from Phum Khvav were conducting operations in Phum O. In an ambush, our guerrillas killed five and wounded two. The rest fled back to Phum Khvav.

Anlung Veng District--On 20 November the Vietnamese sallying out of Phum (Phchoek) eastward were ambushed by our guerrillas, who killed five and wounded one.

The Battambang battlefield:

Samlot District--On 25 November the Vietnamese sallying out of Phum Vat westward were ambushed, suffering three killed and seven wounded. On 26 November we attacked them at two spots--when they left Phum Vat for Kranhung, killing 6 and wounding 5 in an ambush; and when they conducted a sweep along the river west of Kranhung, killing 10 and wounding 8. The rest fled in disorder, hitting our minefields and suffering six killed and six wounded in the explosions. On 27 November we attacked them west of Kranhung, killing 8 and wounding 12. Five others were killed and three wounded when they ran over our mines.

Pursat battlefield:

Leach District--On 22 November an eight-truck convoy transporting troops west of Leach hit our mines, causing explosions which destroyed one of the trucks. We fired at them, killing 13 enemy troops and wounding 15. The convoy went on westward and again hit our mines, causing seven more killed and three wounded. On 26 November three Vietnamese troops were killed and another wounded in a mine explosion west of Leach.

Koh Kong battlefield:

On 29 November we smashed an operation involving three Vietnamese regiments attempting to strike at us again in Koh Kong. We killed or wounded 171 enemy troops, seized 85 assorted weapons and 2,600 AK rounds, destroyed a PK-75 and 12.7 mm machinegun and sank 2 motorboats.

In sum, on all these battlefields we put out of action 564 enemy troops including 2 Vietnamese commanders, destroyed a truck, 2 motorboats, a PK-75 and a 12.7 mm machinegun and seized 85 assorted weapons and 2,600 AK rounds.

Over 200 Enemy Troops Put Out of Action

BK071447 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 2 Dec 79 BK

[Text] We have continued to intensify our guerrilla attacks against the Vietnamese on all battle fields and fronts by vigorously and keenly implementing our three combat tactics, using both modern arms and primitive weapons, such as punji stakes, punji pitfalls, poison-tipped arrows, traps and mines, and cutting all communications and transportation routes of the enemy everywhere so as to tire them out and inflict even more daily losses on them.

Koh Kong battlefield:

On 21 November we attacked the Vietnamese at Phum (Ta Ni), killing four and wounding two. On 22 November we attacked the Vietnamese in the vicinity of Phum Kaongkang near Kaoh Krasa, killing three and wounding two. On 25 November we attacked the Vietnamese at two places. At Thmar Beidom, we killed three and wounded three. At Chamkar Leu, we killed two and wounded two. On 27 November we attacked the Vietnamese at two places again. At Phum Andeng we killed three and wounded two and at Chamkar Leu we killed one and wounded another. On 28 November we again attacked the Vietnamese at two places, killing three and wounding four at (Prek Batveng) and killing seven and wounding three at (Peam Ta No) on the coast. On 30 November we attacked the Vietnamese at Phum Kaongkang, killing six and wounding three.

Kompong Som battlefield:

On 28 November the Vietnamese sallied out to launch suppression west of Rolous market. After they moved out 500 meters from their position our guerrillas attacked them, killing 11. The survivors fled and ran over our punji stakes, suffering two wounded.

Battambang battlefield:

Moung District--On 8 November a group of Vietnamese troops sallying out of [place name indistinct] ran into our guerrilla ambush, suffering three killed and five wounded. They ran over our guerrilla mine, suffering three killed

and two wounded. The rest ran over our punji stakes, suffering eight wounded. On 27 November the Vietnamese sallying out of Moung in an attempt to raid the people at Prek Chik ran into our guerrilla attack, suffering two killed. The rest fled and ran over our mine, suffering six killed or wounded.

Samlot District--On 28 November we attacked the Vietnamese at two places: in the area west of O Choar, we killed seven and wounded five and they ran over our mine and fell into our pitfalls, suffering two killed and three wounded; in the area north of O Choar, we killed three and wounded six. The survivors turned back. On 29 November we attacked the Vietnamese at Kranhung, killing nine, including a battalion leader, and wounding four. Also on 29 November a group of Vietnamese troops ran over our guerrilla mine, suffering six killed and three wounded.

Sisophon Front North of Route 5--On 20 November our guerrillas sniped the Vietnamese at Phum (Don Li), killing two and wounding two. On 24 November we ambushed the Vietnamese sallying out of Phnum Dei, killing two and wounding three. On 25 November a Vietnamese troop truck moving from Sisophon to Nimit ran over our guerrilla mine east of Sala Kraham. The truck exploded and caught fire and all 25 Vietnamese troops aboard were killed or wounded. On 26 November we lobbed handgrenades at the Vietnamese position at Phnum Dei, killing three and wounding four.

Thmar Puck--On 18 November a Vietnamese truck moving from Phum (Thli) to Thmar Puck ran over our guerrilla mine and exploded in the vicinity of bridge No 28. All 15 Vietnamese troops aboard the truck were killed or wounded. On 26 November our guerrillas ambushed the Vietnamese sallying out of Phum Kouk Khvav, killing two and wounding three.

In sum, on all these battlefields we put out of action 203 enemy troops including a battalion leader, and destroyed 2 trucks.

Over 150 Enemy Troops Wounded or Killed

BK071346 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 3 Dec 79 BK

[Text] After successfully crushing two large-scale offensive drives by the Vietnamese at the beginning of the dry season, our heroic revolutionary guerrillas on Pailin battlefield, like those on other battlefields throughout the country, are continuing to intensify guerrilla attacks against the Vietnamese in a vigorous and widespread manner, eroding and wiping out more enemy troops everyday and pushing the enemy onto defensive. The Vietnamese are in great panic and have lost the initiative.

Battambang battlefield:

Pailin Front--On 24 November a Vietnamese platoon sallying out of (Spean Dek) ran into our guerrilla ambush, suffering three killed and two wounded. The survivors fled and ran over our mine, suffering two killed and one wounded. Also on 24 November our guerrillas attacked the Vietnamese at (Pateas Thmei), killing three and wounding two. On 25 November we attacked the Vietnamese at six places. On their way from Pang Roloem to O Tavou, the Vietnamese were attacked by our guerrillas when they reached (Chrak Beng), suffering seven killed and four wounded. At the Pailin banana plantation, we killed four and wounded two. We attacked them when they moved 400 meters from (Spean Thmar), killing five and wounding three. The survivors fled back to their position. At Pailin market, we killed four and wounded one. We attacked the Vietnamese when they moved out 1 km from Pang Roldem to (Spean Dek), killing three and wounding two. When they moved out from Phum (Ta Tui) we killed three and wounded five.

On 26 November we attacked the Vietnamese at three places. In the area east of (Chrak Beng), we killed one and wounded two. At Phum (Ta Tui), we killed two and wounded one. When the Vietnamese moved from Pang Roloem toward (Chrak Beng), we detonated a landmine, killing four and wounding three. We also sniped at them, killing four and wounding five. We cut over 100 meters of their telephone wire.

On 27 November we launched four attacks on the Vietnamese. When they sallied out of O Tavau toward Pang Roloem we detonated a landmine, killing five and wounding four. In the area east of (Chrak Beng) we killed three and wounded two when the Vietnamese moved out to prepare defense lines at (Chrak Beng), we sniped at them, killing three and wounding three. At (Phteas Toek Kok), we killed three and wounded two. They also ran over our punji stakes, suffering two wounded. On 28 November a Vietnamese company launching suppression operations along the banks of the Sala Krau River ran into our guerrilla ambush, suffering five killed and three wounded. On 29 November a Vietnamese company sallying out of (Chrak Beng) to Pailin ran into our guerrilla ambush, suffering four killed and three wounded.

On 30 November we attacked the Vietnamese at four places. At Bor Tangso, we killed four and wounded seven. The survivors fled. At Phum (Ta Tui), we killed one and wounded three. In the vicinity of Sala Krau, we killed one and wounded two. They also ran over our mine, suffering three killed and three wounded. Again at Phum (Ta Tui), we killed one and wounded two. The survivors turned back in panic.

In sum, on all these battlefields we put out of action 187 enemy troops.

Further Enemy Losses

BK071339 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 4 Dec 79 BK

[Text] Our revolutionary army and guerrillas throughout the country are struggling to surmount all difficulties and obstacles, sharing weal and woe with the entire Kampuchean people and launching counterattacks against the Vietnamese enemy exterminators by vigorously and effectively implementing the people's war line and three combat tactics with determination to forever defend the country, people and Kampuchean race.

Konpong Thom battlefield:

Baray District--On 11 November our guerrillas attacked the Vietnamese at Phum Tuk Pi, killing one and wounding another. On the same day the Vietnamese ran over our guerrilla mine at Phum (Kaoh), suffering three killed and four wounded. On 14 November we attacked the Vietnamese west of Bos Pok, killing three and wounding two. On 15 November our guerrillas ambushed the Vietnamese in the vicinity of (Kouk Pich) along Route 6, killing one. On 24 November the Vietnamese sallying out of Kompong Krabei to Bak Sna ran into our guerrilla ambush, suffering two killed. They also ran over our guerrilla mine, suffering three killed and two wounded.

Battambang battlefield:

Moung District--On 19 November we ambushed the Vietnamese at Phum [name indistinct], killing two and wounding three. On 21 November a Vietnamese company sallying out of Phum Prek Chik ran over our mine, suffering one killed and two wounded. The survivors fled back to their position.

Samlot District--On 27 November we launched a commando raid at Phum (Khchang). killing three enemy troops and wounding two others. The survivors fled their camp in panic. We completely liberated Phum (Khchang) and seized a quantity of ammunition and other materiel. On 28 November [words indistinct] Also on 28 November a Vietnamese company sallying out of (Sre Ponlok) to Phum (Kanchang) ran into our guerrilla ambush, suffering two killed and three wounded. The rest pursued our guerrillas but fell into our traps. The first group ran over our guerrilla mine, suffering eight killed and two wounded. The second group ran over our mine, suffering five killed and three wounded. The survivors fled back in great panic. On the same day a Vietnamese platoon moving from Phum (Vat) to Kranhung ran over our guerrilla mine, suffering three killed and five wounded. On the morning of 29 November the Vietnamese sallying out to take the corpses of their colleagues were ambushed by our guerrillas who killed six of them. They fled and ran over our mine, suffering two killed and seven wounded. Also on 29 November we launched an attack on the Vietnamese at Anlung Puok, killing two and wounding three. On 30 November the Vietnamese sallying out of Anlung Puok to Ta Sanh ran into our guerrilla ambush, suffering three killed and two wounded. On the same day we attacked the Vietnamese west of Samlot, killing one and wounding two. On 1 December the Vietnamese sallying out of Anlung Puok ran over our guerrilla mine, suffering two killed and two wounded.

Bavel Front--On 16 November the Vietnamese company sallying out of Phum Lovea to Phum Dambok ran into our guerrilla ambush, suffering three killed and five wounded.

Sisophon Front South of Route 5--On 21 November we attacked the Vietnamese at Tumnum Leu west of Nimit, killing two and wounding one. On 27 November we attacked the Vietnamese west of O Sralau, killing nine and wounding two. On 28 November we ambushed the Vietnamese west of Nimit, destroying a truck, killing five enemy troops and wounding seven. The survivors turned back. On 29 November we attacked the Vietnamese at O Sralau. They ran away but hit out guerrilla mine, suffering three killed and six wounded. On 1 December we again attacked the Vietnamese at O Sralau, killing three and wounding five. Also on 1 December the Vietnamese transporting food and ammunition to their colleagues at O Sralau ran into our guerrilla ambush, suffering two killed and one wounded.

Sisophon Front North of Route 5--On 28 and 29 November we launched two attacks on the Vietnamese at Phnum Dei, killing six and wounding seven. On 30 November we attacked the Vietnamese north of Phum Soeng, killing three and wounding two. In the area north of Phum (Toap Siem), we killed three Vietnamese and wounded four. On 1 December our people at Phum Pongro killed two Vietnamese and seized two weapons.

Thmar Puok District--On 27 November we attacked the Vietnamese at Phum Khvav, killing one and wounding two. On 29 November the Vietnamese sallying out of Phum Khvav ran over our guerrilla mine, suffering two killed and three wounded. On 1 December the Vietnamese moving northward from Phum Kouk Khvav ran into our guerrilla ambush, suffering three killed and four wounded. The rest ran over our mine, suffering two killed and four wounded.

In sum, on all these battlefields we put out of action 207 enemy troops, destroyed a truck and seized a quantity of weapons, ammunition and other materiel. We also liberated Phum (Khchang) in Samlot District of Battambang Province.

Enemy Troops Killed or Wounded

BK101440 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 5 Dec 79 BK

[Text] With lofty revolutionary heroism and patriotism, our heroic revolutionary army and guerrillas throughout the country are surmounting all difficulties and obstacles, implementing the line of guerrilla war and three combat tactics in a vigorous and lively manner, striking at the genocidal Vietnamese enemy everywhere and at every moment, inflicting heavy losses on them and smashing their operations on every battlefield, driving them deeper into the guerrilla war quagmire.

The eastern region's route 7 battlefield:

On 27 November our guerrillas attacked the Vietnamese at Krabei Kriek, killing two and wounding one. The rest fled in panic and suffered one more killed and two wounded in guerrilla pitfalls. On 28 November we attacked them west of Kandaol Chrum, killing one and wounding three. On the same day a Vietnamese truck convoy heading from Pratheat to Chhlong hit our guerrilla mines. One of the trucks exploded, killing a dozen Vietnamese troops on board.

Koh Kong battlefield:

On 2 December we attacked the Vietnamese north of (Kum Russei) hill adjacent to the Thai border, killing seven and wounding five. Three more were killed and five were wounded when they fled and ran over mines. On 3 December we lobbed grenades at the Vietnamese on the banks of the (Me Toek) River east of (Kum Russei) hill, killing five, wounding three others and sinking a boat. On the same day a company of Vietnamese troops marching south east of (Me Toek) River triggered off four mine explosions, suffering 15 killed or wounded. On the following morning, in their attempt to pick up their wounded, they stepped on five other mines, suffering six killed and five wounded.

The Battambang battlefield:

Samlot District--On 30 November the Vietnamese leaving Phum Sre Andong for Phum Ph'aong hit our mines, suffering four killed and two wounded. On 1 December a company of Vietnamese troops leaving Ta Sanh for Anlung Puok were ambushed by our guerrillas who killed four and wounded one. The rest retreated in panic. Two more were killed and three were wounded when they fell into our punji pitfalls or were hit by our guerrilla poison arrows. On the same day a platoon of Vietnamese leaving Ta Sanh for Phum Vat were ambushed by our guerrillas who killed two and wounded three. Four others were killed or wounded when they ran into our punji pitfalls. Also on 1 December a company of Vietnamese troops going north of O Tateak suffered six killed and one wounded in a guerrilla ambush and punji traps. On 2 December we raided O Tateak, killing 10 and wounding 7. On the same day we attacked them at Phum Ta Sanh, killing six and wounding three.

Bavel Front--On 1 December we attacked them north of O Lhong, killing four and wounding one. Two more were killed and four were wounded when they fell into our punji pitfalls or were hit by poison arrows.

The Sisophon Front South of Route 5--On 30 November the Vietnamese stepped on our mines and suffered two killed and one wounded at Khla Ngoap. On 1 December they suffered one killed and one wounded in our minefield south of O Sralau. We fired at and killed two more in a hot pursuit. On 2 December we ambushed the Vietnamese descending from Mak Hoeun hill, killing one and wounding two. Three others were killed and two were wounded when they fled and hit our traps.

Thmar Puok District--On 1 December a Vietnamese soldier surrendered to our army.

In sum, on all these battlefields, we put out of action 167 enemy troops and destroyed a truck.

Battambang Battle Report

BK120814 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 6 Dec 79 BK

[Text] Our heroic revolutionary army and guerrillas on the Battambang battlefield, like those in other battlefields throughout the country, are surmounting all difficulties and obstacles, holding aloft the banner of the people's war, intensifying guerrilla attacks against the genocidal Vietnamese enemy, inflicting daily losses on them and driving them deeper into the guerrilla war quagmire everywhere.

Battambang battlefield:

Samlot District--On 28 November a Vietnamese company sallying out of (Phnum Preal) toward (Trung Khla) ran into our guerrilla ambush, suffering 10 killed and 16 wounded. The survivors fled in great panic and ran over our guerrilla mines, suffering seven killed and eight wounded. Some others fell into our guerrilla pitfalls and were hit by our arrows, suffering six killed or wounded. On 29 November the Vietnamese moving west from (O Sleng) hit our guerrilla mines, suffering one killed and three wounded. On 1 December the Vietnamese returned to O Choar. On 2 December our guerrillas launched two attacks against the Vietnamese at O Choar. In the first attack, we killed three and wounded seven. In the second attack, we killed one and wounded three. The rest pursued our guerrillas but ran over our mines, suffering two killed and three wounded.

Bavel District--On 9 November the Vietnamese sallying out of (Phnum Preal) to raid Phum (Ta Krei) ran over our guerrilla mines, suffering two killed and five wounded. On 10 November the Vietnamese again sallied out of (Phnum Preal) to Phum (Ta Krei) but his our guerrilla mines, suffering three killed and four wounded. On 24 November the Vietnamese sallying out from Hill No 100 to (Ta Sok) Hill ran into our guerrilla ambush, suffering 17 killed and 6 wounded. On 29 November we attacked the Vietnamese at (Chamkar Trang), killing two and wounding five. The survivors fled but ran over our mines and fell into our pitfalls, suffering three killed and five wounded. Also on 29 November we attacked the Vietnamese west of (Chamkar Trang), killing one and wounding three. Later, we attacked the Vietnamese in (Chamkar Trang) again, killing 5 and wounding 10. On 1 December a Vietnamese company sallying out from (Ta Sok) Hill to Hill No 100, were ambushed by our guerrillas who killed 12 and wounded 7. On 3 December we ambushed the Vietnamese sallying out of Anlung Thmar to (Bua Tralach Tuol), killing one and wounding two. We seized one AK and one B-40.

Battle Report for 16-20 November

BK121542 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 7 Dec 79 BK

[Text] Filled with great love for the country, people and Kampuchean race and seething indignation for the genocidal Vietnamese enemy, our heroic revolutionary army and guerrillas in all battlefields throughout the country are implementing the three combat tactics in a vigorous and lively manner, striking at the Vietnamese enemy on all battlefields and fronts, inflicting daily losses on them and driving them deeper into the guerrilla war quagmire everywhere throughout Kampuchea.

Kratie battlefield:

On 18 November we attacked the Vietnamese at [name indistinct], killing (?three) and wounding five. Some others ran into our pitfalls and arrows, suffering six killed or wounded. On 19 November we attacked the Vietnamese at (Phum Kop), killing four, wounding three and seizing weapons and a quantity of ammunition. Also on 19 November we ambushed the Vietnamese at a place between (Sre Chi) and Sre Leu, killing one and wounding three. The rest fled in panic but fell into our pitfalls and were hit by our arrows, suffering five killed or wounded. The survivors turned back but again ran over our mine, suffering four killed and three wounded. On 20 November the Vietnamese sallying out to loot our people's rice in the vicinity of (Sre Mon) were ambushed by our guerrillas and people, suffering five killed and two wounded. The rest fled in disarray and fell into our pitfalls, suffering eight killed or wounded. Also on 20 November we attacked the Vietnamese at (Sre Tbeng), killing three and wounding two.

Kompong Thom battlefield:

Baray District--On 16 November our people in Krava attacked the Vietnamese trying to loot and destroy their rice crop, killing five, wounding four and seizing two guns. On 17 November we ambushed the Vietnamese at Bak Sna, killing two and wounding one. They ran over our mine, suffering three killed and two wounded. They fell into our pitfalls, suffering six wounded. On 18 November the Vietnamese sallying out to loot people's rice at (Tuk Pi) were ambushed by our local guerrillas who killed three and wounded five. The survivors fled in panic but were attacked by our people, suffering two killed and three wounded. They also fell into our pitfalls and were hit by our arrows, suffering three killed and three wounded. On 18 November we ambushed the Vietnamese looting our people's sugarcane at Bos Pok plantation, killing four and wounding six. They fled and fell into our pitfalls, suffering three wounded. On 20 November the Vietnamese sallying out of Kompong Krabei ran over our mine, suffering two killed and three wounded.

Siem Reap battlefield:

Svay Leu District--On 16 November the Vietnamese sallying out of Svay Leu ran over our guerrilla mines, suffering five killed and seven wounded. On 17 November we attacked the Vietnamese at [name indistinct], killing three and wounding two. The survivors fled but ran over our mine, fell into our pitfalls and were hit by our arrows, suffering seven killed or wounded. On 18 November the Vietnamese sallying out of (Pratheat) ran into our guerrilla ambush, suffering one killed and four wounded. They ran over our mine, suffering three killed and two wounded. Also on 18 November we ambushed the Vietnamese in the vicinity of (Phnum O), killing four and wounding two. They fell into our pitfall, suffering four wounded. On 19 November we attacked the Vietnamese at Phum (Chek), killing three and wounding thres.

In sum, on all these battlefields we put out of action 179 enemy troops and seized a quantity of weapons, ammunition and other materiel.

At Least 550 Casualties Inflicted

BK140610 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 8 Dec 79 BK

[Text] Our heroic revolutionary army and guerrillas in Oddar Meanchey Province, like those on other battlefields throughout the country, are implementing our guerrilla war line and three combat tactics in a vigorous and lively way, inflicting daily losses on the enemy, routing one enemy offensive after another and successfully defending our localities.

Oddar Meanchey battlefield:

Samroang District--On 9 November a large group of Vietnamese troops made several attempts to retake Anlung Thmar, but fell into five ambushes by our revolutionary army and guerrillas in Samroang District. The first time, we killed three and wounded seven. The second time, we killed four and wounded six. The third time, we killed seven and wounded nine. The survivors fled in disarray from Anlung Thmar and ran over our mines, suffering 9 killed and 15 wounded. Later, the Vietnamese sent more reinforcements out to this area. We attacked them for the fourth time, killing six and wounding four. In the fifth attack, we killed seven and wounded five. The survivors fled into the jungle but hit our mines, suffering six killed and seven wounded. The rest lost their way in the jungle and were ambushed by our guerrillas, suffering two killed and one wounded. We were able to totally defend this Anlung Thmar locality. We also seized 11 rounds of 60-mm mortar and a quantity of other materiel.

On 10 November, the Vietnamese again sallied out to Anlung Thmar but ran over our guerrilla mines, suffering three killed and five wounded. We attacked them, killing seven and wounding five. The survivors turned back in disarray but hit four of our mines, suffering nine killed and seven wounded.

The rest fled into the jungle. On the same day, the Vietnamese sallying out to the area north of Anlung Thmar stepped on our mines, suffering five killed and five wounded. We launched an attack on them, killing seven and wounding five. The rest fled into the jungle.

On 14 November, the Vietnamese again sallied out to Anlung Thmar. We ambushed them, killing seven and wounding six. The survivors fled in disarray and ran over our mines, suffering 25 killed or wounded. On 15 November the Vietnamese sallying out to take the dead bodies of their colleagues at Anlung Thmar battlefield ran over our mines, suffering five killed and three wounded. On 14 November the Vietnamese sallying out to the area north of Anlung Thmar hit our guerrilla mines, suffering six killed and seven wounded. The survivors turned back but were intercepted by our guerrillas, who killed three and wounded two. We seized 15 rounds of M-79 ammunition and a quantity of war materiel. Also on 14 November a big group of Vietnamese troops moving to the north of Anlung Thmar stepped on our mines, suffering five killed and seven wounded. The survivors tried to rescue their wounded colleagues but stepped on our mines, suffering three killed. We laid waiting in this area, knowing that they would certainly try to take back their dead and wounded colleagues. We detonated a mine, killing a Vietnamese soldier. Those who were carrying the dead bodies of their colleagues then fled for their lives, leaving the dead bodies behind. But they ran over our mines again, suffering four killed and three wounded. We seized 5 rounds of B-40 ammunition, 11 rounds of 60-mm mortar and a quantity of other materiel.

On 10 November, the Vietnamese sallying out to Kbal Sar ran into our guerrilla ambush, suffering five killed and four wounded. Also on 10 November the Vietnamese sallying out to the area north of O Choar ran over our mines, suffering 12 killed and 6 wounded. We attacked them, killing three and wounding five. The survivors fled in great panic. We took full control of the Kbal Sar and O Choar localities.

On 12 November the Vietnamese sallying out of Phum (Ku) to the area east of (Thnal Thom) ran over four of our mines, suffering 9 killed and 15 wounded. We sniped at them, killing six and wounding eight. The survivors turned back and fled into the jungle, but hit our punji traps, suffering seven wounded. On 12 November we attacked the Vietnamese at Phum Ktum, killing 7 and wounding 15. On 13 November a large group of Vietnamese moving northward from O Kravan ran over our mines, suffering nine killed and seven wounded. On the same day we launched two attacks on the Vietnamese at O Kravan. In the first attack, we killed their leader and destroyed a 12.8-mm machine gun. The survivors fled in disarray from their camp to the north, but ran over our mines, suffering five killed and seven wounded. The rest fled back to their camp but again were ambushed by our guerrillas, who killed seven and wounded nine.

On 13 November we attacked the Vietnamese at Phum Kon Kriel, killing three and wounding two. On 14 November the Vietnamese sallying out of Kon Kriel camp to pursue our guerrillas ran over three of our mines, suffering six

killed and five wounded. Again on 14 November, we attacked the Vietnamese at Phum Sandek, killing two.

On 15 November the Vietnamese sallying out of Samraong along the O Pok road hit our mines, suffering 16 killed and 16 wounded. The survivors turned back to Samraong. We seized three B-40 rounds and a quantity of war materiel. On 18 November the Vietnamese moving northward from Samraong ran over our mines, suffering 9 killed and 12 wounded. Also on 18 November the Vietnamese sallying out to Kbal Sar ran over our mines, suffering four killed and six wounded. We sniped at them, killing seven and wounding five. The survivors fled into the jungle and ran over our mines, suffering six killed and six wounded. We can successfully protect this Kbal Sar locality.

Also on 18 November, the Vietnamese sallying out of O Kravan ran into our ambush, suffering seven killed and four wounded. The rest fled back to O Kravan. We seized 12 rounds of M-79 ammunition and a quantity of materiel. Also on 18 November the Vietnamese sallying out of O Kravan to take the dead bodies of their colleagues ran over our mines, suffering 9 killed and 12 wounded.

In sum, on all these battlefields we wiped out 550 enemy troops, including a group leader, destroyed a machinegun and seized a quantity of weapons, ammunition and war materiel.

Guerrillas Rout SRV Offensive in Oddar Meanchey

EK141058 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 9 Dec 79 BK

[Text] With active support and cooperation in the fighting by the Kampuchean people from all walks of life in all localities throughout the country, our heroic revolutionary army and guerrillas on all battlefields have surmounted all obstacles, difficulties and shortages, valiantly held aloft the combat banner and vigorously counterattacked the Vietnamese enemy aggressors and exterminators with great indignation, daily inflicting heavy losses on them, successively routing their big, medium and small-scale offensives at the beginning of this dry season and successfully defending the people, localities and their own forces.

Koh Kong battlefield:

On 21 November we attacked the Vietnamese at Phum (Ta Ni), killing four and wounding two. On 22 and 30 November we attacked the Vietnamese at Phum Kaongkang in the vicinity of Kaoh Krasa, killing nine and wounding five. On 25 and 27 November we attacked the Vietnamese at Chamkar Leu, killing three and wounding three. On 25 and 27 November we attacked the Vietnamese at Thmar Beidom and Phum (Andeng), killing four and wounding five. On 28 November we attacked the Vietnamese at three points: At (Prek Batveng), we killed 3 and wounded 4; at (Peam Ta Ni) on the coast, we killed 7 and

wounded 3; and at an area 500 meters from (Roluos) station to the west, we killed 14 and wounded 2. On 2 December we attacked the Vietnamese at two points: in the area east of Phnum Kum Russei, we killed six and wounded two; as they fled they hit our mines, suffering three killed and four wounded; and at Stoeng Metoek, we killed three.

Pursat battlefield:

On 30 November our guerrillas lobbed handgrenades in the Vietnamese camp east of Pursat market, killing six and wounding seven. On 1 December we attacked the Vietnamese at Leach, killing nine and wounding two. On 2 December we attacked the Vietnamese at two points; at Phum Rovieng, we killed five and wounded three; in the area west of Leach, we killed three.

Battambang battlefield:

Samlot District--On 1 December we attacked the Vietnamese at Phum [word indistinct], killing eight and wounding six. On 2 December the Vietnamese sallying out of Phum Vat Sophi ran over our guerrilla mines, suffering 12 killed and 5 wounded. The survivors turned back. On 4 December we attacked the Vietnamese at two points: When they moved from Phum (Kandal) to Phum [word indistinct], we killed two and wounded three; when they moved from Phum Kamchang to Phum (Kandal), we killed three and wounded two. The survivors turned back.

Pailin District--On 30 November we attacked the Vietnamese on the road to Phum Russei, killing two and wounding one. On 2 December we launched three attacks at the Vietnamese at Phum Russei who fled and ran over our mines. We killed 15 of them and wounded 15 others. On 4 December we attacked the Vietnamese at two points: in the vicinity of Bor Tangso, we killed three and wounded three. When they moved from Phum Koy to [word indistinct], we killed two. They also ran over our mines, suffering four killed and five wounded.

Bavel District--On 12 November the Vietnamese ran over our mines west of Phum Kampong, suffering two killed and two wounded. On 13 November the Vietnamese ran over our mines north of (Toek Siet), suffering four killed and two wounded. On 15 November a Vietnamese tank moving from Phnum Peal to Phnum Ta Krei ran over our mine and had its track broken in the explosion. The infantrymen who ran to rescue their colleagues in the tank hit our mines, suffering two killed and three wounded. On 24 November we attacked the Vietnamese at two points: At Phum (Phnum Ta Sok) we killed six and wounded seven. When they came down the hill No 100, they ran over our mines, suffering eight killed and nine wounded. On 4 December we attacked the Vietnamese at (Trang) plantation, killing two and wounding one.

Sisophon Front South of Route 5--On 3 December the Vietnamese ran over our mines, suffering six killed and one wounded. On 4 December we attacked the Vietnamese at O Sralau, killing two and wounding one.

Oddar Meanchey battlefield:

On 14 November we attacked the Vietnamese at O Kravan Kraom, killing four and wounding six. The survivors fled from O Kravan and ran over our mine, suffering nine killed and five wounded. We seized 13 M-79 rounds and a quantity of materiel. On 15 November the Vietnamese sallying out of Phum Ku to Bos Ph'av ran over our mines, suffering seven killed and four wounded. On 16 November we attacked the Vietnamese at two points: When they moved from O Kravan, we attacked them. They fled and ran over our mines, suffering 3 killed and 2 wounded; and when they moved to Anlung Thmar, our guerrillas attacked them, killing 9 and wounding 15. The survivors fled and ran over our mines, suffering nine killed and four wounded. We seized six B-40 rounds and seven 80-mm mortar rounds. The survivors fled into the jungle and ran over our mines, suffering five killed and six wounded. They also hit our punji traps, suffering seven wounded. On 17 November we attacked the Vietnamese three times: At Phum Sandek we killed three and wounded three. When the Vietnamese moved from O Kravan to Kraol Kou, we killed two and wounded one. The survivors fled back to O Kravan. When 200 Vietnamese troops moved to Anlung Thmar, we attacked them, killing eight and wounding two. We sniped at them again, killing or wounding 12. The survivors fled into the jungle and ran over our mines or hit our punji traps, suffering 15 killed. On 18 November we attacked the Vietnamese at O Kravan Leu, killing one and wounding two. On 19 November we launched two attacks against the Vietnamese. When they moved from O Kravan Kraom, we attacked them. They fled and ran over our mines, suffering three killed and two wounded. We attacked them at Phum Ktum, killing two and wounding three. On 21 November we attacked the Vietnamese at O Kravan, killing three and wounding six. On the same day over 300 Vietnamese sallying out of Samraong to the area north of Anlung Thmar ran over our mines in the vicinity of Bos Thom, suffering 9 killed and 5 wounded. We attacked them again, killing seven and wounding five. The survivors fled but ran over our punji stakes and were hit by our guerrilla arrows, suffering two killed and six wounded. The rest turned back in panic. We seized a quantity of war materiel as well as canned food intended as international humanitarian aid for the Kampuchean people. On the afternoon of 21 November over 300 Vietnamese troops moved to Anlung Thmar in three columns. We ambushed them. They ran over our mines and fell into our punji pitfalls during their flight, suffering 54 killed or wounded. At 1500 the Vietnamese withdrew and fled in disarray, leaving behind their dead colleagues on the battlefield. On 22 November we attacked the Vietnamese at three points: in the area north of Samraong, we killed five and wounded seven. At (O Fa Lon), we killed four and wounded five. When they moved from Samraong to Anlung Thmar, we detonated mines, killing 5 and wounding 15. On 24 November we attacked the Vietnamese at five points: At Phum Sandek, we killed three and wounded five. In the area north of Phum Sandek, we killed four and wounded two. At Samraong, we killed three and wounded four. At O Kravan Kraom, we killed four and wounded five. They fled and ran into our guerrilla ambush and hit our mines, suffering 17 killed and 9 wounded. In the area west of Anlung Thmar, they suffered 19 killed and 17 wounded. When they fled they ran over our mines, suffering five killed and nine wounded. On 24 November we attacked the Vietnamese when they sallied out of Samraong. They ran

over our mines, suffering 15 killed and 10 wounded. At O Kravan Kraom, they suffered three killed and four wounded. On 25 November the Vietnamese saluting out of O Kravan ran into our guerrilla ambush, suffering seven killed and nine wounded. They fled and stepped on our mines, suffering 10 killed and 9 wounded. The survivors fled to the area south of Anlung Thmar but were intercepted by our guerrillas who killed 8 and wounded 14. On 25 November the Vietnamese moved out from Samraong in three columns in an attempt to attack us west of Anlung Thmar. The first column came from the east, the second from the south and the third from the west. We ambushed all three columns. The first column ran over our mines, suffering 15 killed and 10 wounded. We fired at them again, killing six and wounding seven. They fled and hit our mines, suffering seven killed and eight wounded. We seized 13 60-mm mortar rounds, 17 M-79 rounds and a quantity of war materiel as well as canned food intended as international humanitarian aid to the Kampuchean people. The second column hit our mines, suffering 8 killed and 10 wounded. They fled our attack and fell into our traps, suffering six killed and five wounded. We ambushed the third column, killing five and wounding seven. They fled but ran over our mines and hit our punji stakes, suffering eight killed or wounded. The survivors fled in disarray back to their positions. Therefore, we succeeded in protecting our guerrilla areas and routing the second phase of the Vietnamese dry season offensive in Oddar Meanchey.

In sum, on all these battlefields, we put out of action 845 enemy troops, knocked out a tank and seized a quantity of weapons, ammunition and other materiel.

CSO: 4212

DEFENSE PREPARATIONS CARRIED OUT; PRC PROVOCATIONS CITED

Vientiane BULLETIN QUOTIDIEN in French 8 Oct 79 pp 5, 6

[Text] Phongsaly is one of the northern provinces in our country; it shares a 300 km common frontier with the Socialist Republic of Vietnam and China which comprises five districts, 55 communes, 561 villages including 17,500 families accounting for almost 104 thousand inhabitants, most of whom are of Lao Soung and Lao Theung nationality.

Before 1977 the inhabitants of the bordering Lao-Chinese provinces lived a happy and secure life which enabled them to pursue their commercial exchanges peacefully; but following the application of expansionism and hegemony by the mighty nations of international reactionaries, with a view to swallowing our country, causing trouble among the inhabitants of the regions bordering the frontier between the two countries, instigating the Chinese people along the border to hate the Lao people, introducing spies into Laos in order to cause dissension, and to lure and attract the Lao ethnic minorities along the border. They have demonstrated their implacable hostility toward the Lao people by stationing massive forces along the Lao-Chinese border in order to threaten our forces and cadres, especially those of the multinational population of the Phongsaly Province.

To face this situation the party and Provincial Command committee, basing themselves on the various resolutions of the party, the military committee, the party CC mobilized the regional population for the purpose of carrying out two important assignments, namely: establish a group prepared for action, be ready for combat, plan a battle position for the people's war. At the same time build and develop the economy promptly with a view to improving progressively the living conditions of the fighters in the cadre and of the multinational population.

Through this expanded mobilization the cadre, the fighters and the total population of the province were urged to become profoundly imbued with the above-mentioned assignments; consequently, they became more vigilant and increased their efforts to provide foodstuffs and also sent a great number of their children to work for national defense and maintain regional security.

Due to all these vigorous activities it was possible to capture and imprison the spies of the international reactionaries in a short time permitting the whole province to feel secure and to have confidence in the leadership of the Party as well as in the victory of the revolution and to be firmly convinced that the work of defense and national enlightenment will surely triumph.

In addition paralleling the work for national defense and the maintenance of security, the Province of Phongsaly has stimulated and developed production uninterruptedly by organizing itself into 152 agricultural cooperative units and reorganizing agricultural and breeding operations, thus the production of food made it possible for this region to become self-sustaining for the past 5 years.

With these results the province of Phongsaly deserves to be called a model province and a trustworthy buttress for the country.

7993
CSO: 4200

BOAT RACES WITH THAILAND TAKE PLACE IN ATMOSPHERE OF GOOD WILL

Vientiane BULLETIN QUOTIDIEN in French 8 Oct 79 pp 1, 2

[Text] On 7 October 1979 at 0900 the Vientiane-Nongkhai boat races took place in an atmosphere of good will. They were formally organized in the Chomcheng district, borough of Sisattanak, prefecture of Vientiane and presided by Phao Phimphachan, prefect of Vientiane, deputy chairman of the administrative committee of the Province of Vientiane and Kuson Santitham, chief of the Province of Nongkhai (Kingdom of Thailand).

The following were present on the Lao side: Sanan Soutthichak, Singkao Sikhottchounnamali, respectively minister and viceminister of communications, public works and transports, Vixien Bounhaksa, viceminister of education, sports and religious affairs, and members of the administrative committee of the Province of Vientiane. On the Thai side, Vong Phonnikone, secretary of state for agriculture and cooperatives, Vihane Souvannathat, deputy chief of the Province of Nongkhai, Set Herabat, ambassador from the Kingdom of Thailand to Laos, as well as a large number of dignitaries from the above Thai province.

A large crowd numbering tens of thousands inhabitants from Vientiane and Nongkhai were lined up enthusiastically on both sides of the Mekong river. The boat races which had been officially organized were marked by a spirit of cordiality and neighborliness. After drawing lots in order to choose an opponent and exchange friendly pennants, the boats of the female team started the race. In the first lap two Lao boats won twice and the third was ex aequo. As for the male team the Lao boats won five races, the Nongkhai team won only one. After the final victory the competition ended with two very spirited general mixed races, (Ti Xong Nam Nong: literally, beat the elephant to the bubbling water) where the teams using six boats each were in line at the same time. Result: two first ex-aquo and Nongkhai second.

After the boat races Phao Phimphachan and Vong Phounikone successively said a few words and extended their congratulations for the success of the boat races where friendship triumphed. Both parties took this opportunity to reaffirm the willingness of the two waterside dwellers to make the Mekong river a river of peace, friendship and common interests in accordance with

the spirit of the joint declarations signed in Vientiane and Bangkok by Prime Minister Kayson Phomvihane and general of the army Kriangsak Chananan. Both parties underlined the fact that, whatever the outcome, winning or losing this boat race is not of prime importance, but what is important is the spirit of neighborliness, and that is what counts. Finally, both parties hoped that friendship, affection and solidarity between the inhabitants of the Vientiane and Nongkhai provinces would become stronger and steadier unceasingly. Later, Phao Phimphachan and Vong Phonnikone distributed gifts to the winners representing each boat team who had participated in the boat races.

The races ended at 16h40 in a spirit of friendship and neighborliness and in an atmosphere of public jubilation.

7993
CSO: 4200

BRIEFS

COOPERATIVE IN GNOT OU--During the current year the small farmers of the villages of Naluang, Sobhoum and Ban Ngouang, commune of (Tasseng) Outai, and the villages of Bo Sao, Nam Ma, Xieng Siao, commune of (Tasseng) Ouneua, district of (Meuang) Gnot Ou, Province of Phong Saly, abandoned their individual and scattered type of production and adopted collective exploitation. At the present time six cooperatives have been established, comprising a total of 677 members and they exploit more than 220 hectares of ricefields and 730 draft animals. [Text] [Vientiane BULLETIN QUOTIDIEN in French 12 Oct 79 p 1] 7993

COLLECTIVE STORE IN SAYABOURY--During the month of September past the inhabitants of 13 villages in the commune of (Tasseng) Na Gnao, district and Province of Sayaboury established a collective store with the help of funds furnished by the population in an amount of more than 340,000 kip. At the present time the various departments are well-stocked. In conjunction with the sale of their goods the management of the cooperative purchased agricultural and forestry products from the population. [Text] [Vientiane BULLETIN QUOTIDIEN in French 12 Oct 79 p 3] 7993

SUBSIDIARY CROPS IN LUANG PRABANG--During the bearing season the small farmers of the entire province of Luang Prabang devoted themselves to the raising of subsidiary and industrial crops on over 17,000 hectares, of which 2,502 were used for cotton, 44 for sugar cane, 7,039 for corn, 486 for manioc, 1,700 for peanuts, 4,074 for mungo beans and 1,300 for planting fruit trees. [Text] [Vientiane BULLETIN QUOTIDIEN in French 15 Oct 79 p 3] 7993

OUDOMSAI TRADE--During the third trimester the commercial service of the (Meuang) Pakbeng district, Province of Oudomsai, sold to the multinational population and the communal collective stores 800 blankets, 20,400 meters of fabrics, 2,400 liters of fuel, 30 saucepans, 10 tons of salt, 1.2 t kg of sugar, etc... [Text] [Vientiane BULLETIN QUOTIDIEN in French 15 Oct 79 p 4] 7993

CSO: 4200

MALAYSIA

PROBLEM OF 100,000 STATELESS PEOPLE NEEDS SOLUTION

Selangor KIN KWOK DAILY NEWS in Chinese 19 Aug 79 p 5

[Text] Yeo Poh San, Patalang National Front chairman and concurrently head of the public service bureau of the Selangor Malayan Chinese Association, has urged the government to settle once and for all the problem of over 100,000 stateless Chinese people living in Malaysia.

Mr Yeo, who is a lawyer by profession, made the above appeal while speaking before the Patalang public recently, in the framework of his political symposium. He said: "These people are in a miserable condition, because they are neither citizens of this country nor of any other, although they are willing to become Malaysian citizens and swear allegiance to our country. Moreover, they are unwilling to leave our soil, for they have continuously lived in this country for many years and endured numerous difficulties and setbacks."

He continued: "Not only have these stateless Chinese people lived here for many years, some of them were even born here. It would not be healthy if such a phenomenon was allowed to exist on and on, for they will feel disgruntled and be driven to lean toward China or Taiwan."

He stated: "Many of them are qualified to become citizens but, not knowing what to do, they have not taken any step to apply, so they have lost their opportunities to become citizens. As to those who have filed applications, many have passed the test of the Malay language, and yet they have since waited for several years to no avail. These stateless Chinese people, more than 100,000, are very eagerly hoping to become citizens, to shoulder the responsibilities of national reconstruction and development, and to make Malaysia feel honored and proud of them as new Malaysian citizens."

9300

CSO: 4205

MAHATHIR DESCRIBES DOMINO THEORY AS 'UTTER RUBBISH'

Kuala Lumpur BUSINESS TIMES in English 17 Oct 79 p 18

[Text]

DATUK Seri Dr Mahathir Mohamad has told Swedish investors that Malaysia and other Asean partners do not subscribe to the domino theory which he described as "utter rubbish."

The Deputy Prime Minister said the theory was no longer valid as the thinking had changed. Countries like Malaysia and Thailand would certainly put up a fight if attacked.

Dr Mahathir was speaking at a dialogue session of the investment seminar here yesterday.

He was asked by a participant if it was still safe to invest in Malaysia in view of the communist victory in Indochina. The participant wanted to know Malaysia's view on the domino theory.

The Deputy Prime Minister said he did not think that Vietnam would attack Thailand, Malaysia, Indonesia or the Philippines — the concept of conquering

another country with military force was also out of date.

He said it would also be very difficult for Vietnam to stimulate the people within these countries to overthrow their present governments and set up governments favourable to it as the people in these countries did not want to be ruled by the communists.

Furthermore, these countries were in a position to defend themselves.

On communist activities in Malaysia, he said, the country was able to handle the problem.

"We have communist terrorists but you can travel anywhere safely in Malaysia — it is probably safer in Malaysia than in most countries in Europe," he added.

On Asean, Dr Mahathir said members of the organisation had made a major breakthrough in the field of cooperation.

He invited Swedish industrialists to invest in the Asean region in view of its potentials.

He said Asean member countries had agreed to provide preferential tariffs to about 2,800 export items within the region.

He cited the motor vehicle industry as one area where Swedish investors could come in.

On the lack of progress by Asean as some quarters claimed, Dr Mahathir said Asean had made remarkable progress in view of their different backgrounds.

"It is not the kind of progress as made by the EEC, but the EEC is not a complete success either," he stressed.

Dr Mahathir and official members of the Malaysian mission at the seminar were also asked on the government's new economic policy and the situation in regard to industrial relations in the country.

STOCKHOLM, Oct. 18

Earlier, Mr Lars Edmark, senior vice-president marketing of L.M. Ericsson whose company has a factory in Shah Alam, said Malaysia had a 100 per cent workers efficiency by Swedish standards.

He said the workers rate of absenteeism was very low — about three percent which was in great contrast to Sweden.

He said the country had low labour costs compared to Sweden and other European countries.

He said because of the good investment climate in Malaysia the company planned to increase its share capital from \$3 million to between \$30 and \$25 million in the future.

The response to the seminar was described by Malaysian Industrial Authority officials here as encouraging with more than 80 requests for meetings received by the organising secretariat. — Bernama

CSO: 4220

WORK ON BINTULU LNG PROJECT EXPECTED TO BEGIN IN 1980

Construction Contract Awarded

Kuala Belait BORNEO BULLETIN in English 13 Oct 79 p 12

[Text]

BINTULU. — While delays are the order of the day at Bintulu's LNG site at least one vital decision has finally been made — who will build the town's \$1.6 billion natural gas liquification plant.

This is the centrepiece of the energy complex which Malaysia hopes will return it a financial bonanza.

The contract to build the plant has been awarded to a joint venture consisting of Pullman-Kellogg of the United States and the JGC Corporation of Japan.

Once again dollars

and cents were the deciding factor.

Experts indicate the two companies won the contract simply because they tendered the lowest price.

The question of finance goes further than this, however.

As the ever-realistic Petronas chairman, Tan Sri Abdullah Salleh, commented after the announcement:

"We've found the men to do the work.

"Now we have to find the money."

But if financing the project is the government's biggest headache Malaysia has certainly

hired a company with wide experience in the natural gas field.

Pullman-Kellogg has been extensively involved in building LNG plants, most recently in Algeria.

One of the plants presently under construction there is even larger than the massive Bintulu pro-

ject.

With this sort of experience the Malaysian government must feel confident that, at least on this occasion, construction has a good chance of starting on time.

What is more, it may well be completed without too many delays.

Doubt About Earnings

Kuala Belait BORNEO BULLETIN in English 13 Oct 79 p 12

[Text]

BINTULU — A big question mark still hangs over Bintulu's much talked about liquified natural gas project— just how much money will Malaysia get out of it?

For while the recent signing of the agreement to supply all Bintulu's LNG to two Japanese companies was announced with much fanfare nothing was said about prices and potential profits.

Given the projected \$500 million plus outlay by the Kuala Lumpur government there are definite doubts about whether Malaysia will get a fair return on its investment.

Under the agreement, Malaysia LNG Sdn Bhd will sell all its Bintulu liquified natural gas to Tokyo Electric and Tokyo Gas.

Malaysia LNG is a consortium owned 65 percent by Malaysia's national oil company, Petronas, with the remaining 35 percent split equally between the Royal Dutch Shell group

and the Mitsubishi Corporation.

The agreement stipulates that the consortium will supply six million tonnes of LNG over 20 years, starting in January 1983.

This is equivalent to 140,000 barrels of oil a day, about half Brunei's daily oil output.

The first shipment will be two million tonnes.

The six million tonnes annual delivery will not be achieved until the Bintulu project is fully operational.

The consortium hopes this will occur in 1986.

Tokyo Electric will then take four million tonnes a year with the remainder being bought by Tokyo Gas.

But while these facts have been announced little is known of the deal's financial details.

Petronas chairman and chief executive Tan Sri Abdullah Salleh, has admitted the financial implications of the agreement are still being analysed.

Last year Petronas

went on record as predicting annual export earnings of almost \$1,700 million from the Bintulu LNG project.

At this stage this can be little more than a guesstimate.

Further, such earnings — even if eventually realised — will only flow into the country after the LNG plant is fully operational.

Given the delays and uncertainties that have dogged the project to date it is doubtful whether the operating partners will be able to meet the 1986 target.

Tenders for site clearance have only just opened.

No work is expected to begin until early next year and even this forecast may prove to be optimistic.

The first stage of the project was originally scheduled for completion by this year; the date is now 1983.

The serious consequences of any further lengthy delays have been acknowledged both by

Tan Sri Abdullah Salleh and top Shell officials.

One possible result of any hold up could be financial losses because of the interest bill on the enormous foreign loans needed to finance the project.

It will be one of the biggest LNG facilities in the world and Malaysia's most ambitious development project.

Present estimates put the total cost at \$3 billion.

Depending on the terms negotiated and at what stage any delays occur the interest payable on unproductive loan money could be crippling.

One point in the projects favour here is the expertise of the Chase Manhattan Bank, which was engaged as the con-

sorium's financial adviser last year.

At least borrowings should be made on internationally competitive terms.

The Malaysian government has already experienced the disastrous financial effects of Bintulu delays.

In a burst of optimism Malaysian International Shipping ordered five LNG carriers at \$170 million each.

The first vessel is already built.

As a result Malaysia is stuck with one vessel — soon to be five — which it can't use.

But the financial issues surrounding the project extend beyond this example and the question of unproductive interest payments.

To date little has been

said about the financial details of the recently signed agreement.

As a result there remain doubts as to whether or not Bintulu LNG is being sold at give away prices.

Japanese companies are among the most astute negotiators in the world.

And, while the Bintulu consortium benefits from the negotiating expertise of both Shell and Mitsubishi, the ever-tightening liquid fuel shortage may mean that projects coming on stream later may get a better price.

Then there is the question of whether penalty clauses have been included in the LNG agreement.

Under such provisions a supplier may be liable to compensation payments for failure to supply at

the agreed time.

Given Japanese companies uniquely flexible approach to contract obligations any such provision may prove less of a problem than a similar contract with, for example, European companies.

Yet even if all these problems are avoided, the Malaysian government will still be left with one further financial hurdle — Sarawak's request for increased royalty payments.

At present, Petronas pays the state a five percent royalty on the gross value of oil and gas finds in Sarawak.

It seems clear, therefore, the recent signing of the agreement with Japan still leaves many unanswered questions hanging over the trouble-plagued Bintulu LNG project.

LICAL BANK LEADS FINANCING ARRANGEMENTS FOR LNG PROJECT

Kuala Lumpur BUSINESS TIMES in English 24 Oct 79 p 1

[Text]

BANK Bumiputra (BBMB) has confirmed that it will be leading a syndicate of international financial institutions for one of the largest syndicated loans in Asia to finance part of the construction cost of the multi-million dollar Bintulu LNG project.

The bank said in a statement yesterday that it had been given the mandate by Malaysia LNG Sdn. Bhd., owner and operator of the project, to lead the syndicate to raise the Euro-dollar portion of the proposed financial package.

The total cost of the LNG plant has been estimated at US\$1.2 billion (\$2.6 billion). The Euro-dollar portion of the loan for which Bank Bumiputra is forming a syndicate is for a total of US\$550 million (\$1.2 billion).

The balance of the project cost is expected to be raised by Malaysia LNG through its own general syndication for

equity financing, export-import credit agencies, and from the domestic financial market.

The other members of the management group for the syndication are the Bank of Tokyo, Chase Manhattan Asia, the Industrial Bank of Japan, Morgan Guaranty Trust of New York, B.T. Asia, Barclays Bank International, Denoroske Creditbank, Lloyds Bank International, Midland Bank, Mitsubishi Bank, and National Westminster Bank.

It is understood that each of these financial institutions has made a commitment to take a portion of the US\$350 million loan only slightly smaller than that committed by Bank Bumiputra itself.

Besides being the lead manager, Bank Bumiputra has also been appointed agent bank for the syndication.

The bank said that the

loan is scheduled to commence by the end of the week at its Hong Kong office, confirming earlier reports that the loan will be syndicated out of Hong Kong since most of the negotiations on the issue terms have been conducted there.

It anticipates that the syndicate will comprise a good representation of the leading financial institutions throughout the world.

The spokesman of a member of the management group contacted yesterday said that he does not foresee any difficulty in getting the needed response and full participation is expected.

Deputy Prime Minister Datuk Seri Dr Mahathir Mohammad, speaking to reporters at Subang International airport on his return from his European investment mission, expressed confidence that Bank Bumiputra will be able to

handle the syndication of such a huge loan.

The required loan facility has a maturity of 10 years. While details of the interest rate have not been given, it is expected that the loan will carry the fine terms and conditions which reflect the credit standing of the country.

With Petronas holding 65 per cent and Mitsubishi Corporation and Shell Gas B.V. holding 17.5 per cent each of the equity of Malaysia LNG, the loan will be severally guaranteed by these three parties.

With the syndication of the Eurodollar portion of the loan to finance the Bintulu project now well under-way, another stage has passed in its final implementation. Over the past month, vital agreements were concluded with the Japanese purchasers of the LNG and the construction companies involved in the project.

CSO: 4220

INCREASE IN JAPANESE INVESTMENT IN MALAYSIA

Kuala Lumpur BUSINESS TIMES in English 11 Oct 79 p 6

[Article by Yong Soo Heong]

[Text]

JAPANESE private investments in Malaysia have shown sharp increases over the last few years.

At the end of 1977, such investments had accumulated to US\$428.1 million (about \$918.9 million) involving 489 projects, according to the Japan External Trade Organisation.

In 1978 alone, investments totalled \$34.3 million, an increase of 3.45 per cent from the preceding year. In 1977 private investments totalled \$68.8 million, a 26.8 per cent jump.

Export credits to Malaysia had accumulated to \$494.9 million at the end of 1977. In that year alone, there was a 232.2 per cent increase in deferred payments on exports — from \$45.9 million to \$104.8 million.

Governmental financial aid amounted to 135,873 million yen (about \$1,304 million) of which grants amounted to 3,873 million yen (about \$36 million) and yen credits totalled 132,000 million yen (about \$1,320 million).

The grants included semi-reparations while the credits included yen credits and debt relief.

Japan has so far provided five yen credits to Malaysia, the last of which was signed on Sept. 22, 1978, by Prime Minister Datuk Hussein Onn during his visit to Tokyo.

Among projects which have benefited from the yen credits are the Temenggor hydro-electric dam, the Pasir Gudang thermo-electric power station, gas turbine power generation, communications links between Peninsular Malaysia and Sabah and Sarawak, shipping, sugar refining, radio and television.

Japan is also playing a big role in the Asean industrial projects.

Malaysia, in particular, will soon embark on the urea fertiliser project in Bintulu, Sarawak.

The project calls for the construction of an urea fertiliser plant with a daily production capacity of 1,000 tons of ammonia and 1,500 tons of urea fertiliser from the natural gas obtained in the coastal area of Bintulu.

The total cost of the project is estimated at US\$250 million (about \$337.5 million).

Meanwhile, Japan has so far sent 571 research personnel and experts

from its various volunteer agencies to Malaysia under its technical cooperation programme.

They have been involved in various fields including transportation, public works, agriculture, industries, forestry and fisheries.

Malaysia has sent 2,570 students and trainees to Japan for training in various fields including automotive repair,

industrial machinery, welding and casting, publishing, shipbuilding, postal services, agriculture, construction and electricity.

A Jetro report says that Japanese experts have also been involved in various technical co-operation projects. These include the common tide and tidal chart project in the Straits of Malacca under the topographical mapping survey, the Sarawak trunk road construction project, the submarine cable project between Peninsular Malaysia and Sabah and Sarawak, electronic navigation aid system installation project and the agricultural development project for Trengganu swamps under several development surveys.

Giving an overall view of the direction of Japan's economic cooperation, the Jetro report says that since Japan had grown into an economic power with the second largest GNP in the free world and had continuously run large surpluses in its balance of payments, the pressure on it to substantially increase its aid had been mounting not only from developing countries but also developed nations.

It adds that Japan was aware of this situation and former Prime Minister Takeo Fukuda announced at the 1973 Bonn summit that the Japanese government would double its official development assistance to developing countries in three years.

This increase, it points out, would be based on the dollar amount of official development assistance given in 1977.

A major effort would be required by the Japanese government to increase the ratio of overseas development assistance to its GNP at the international level it said.

However, the report says there were a number of precautions that Japan would have to take in expanding its aid under the plan. These included:

■ The expansion of the official aid would have to

be effected systematically and steadily;

■ Balancing quantitative expansion against qualitative improvement;

■ Stepping up technical assistance in order to develop human resources and improve the technology levels of recipient countries; and

■ Making sure disbursements earmarked for official projects were timely and efficient to offset against political and social pressure.

The Jetro report suggests that the Japanese government take positive measures to improve the developing countries access to the Japanese market by taking a forward looking stance on preferential duties and helping them in their promotion drives and trade fairs.

It also calls on the Japanese government to tackle the problems of primary commodities more effectively especially in the negotiation of commodity pacts.

The Japanese government was also urged to readjust its approach to industrial projects and encourage the development of new industries and technologies in Japan in order to meet the challenge posed by developing countries in existing domestic industrial activities. — Bernama RS

CSO: 4220

INTERNATIONAL BANKERS RATE MALAYSIA AS GOOD CREDIT RISK

Kuala Lumpur BUSINESS TIMES in English 23 Oct 79 p 18

[Text]

MALAYSIA is regarded by the international banking community as one of the countries with the lowest credit risks. It came fourth in a rating of 68.

With a weighted average spread of 0.568 based on one loan, Malaysia was awarded a six-star rating after France, China, and the United Kingdom which received seven-star ratings.

This impressive performance by Malaysia is recorded in what is claimed to be the first league table of country risk published by the international banking journal, *Euromoney*.

The table, published in the latest issue of the monthly magazine, shows how the banking community, through its lending activities, has rated the countries that have borrowed from it so far this year.

The only other Asean member country considered is the Philippines, which is placed in the 20th position.

While Malaysia has been given one of the Eurodollar and Deutschmark syndicated loans considered this year, the Philippines has been given a total of six.

The good showing by Malaysia in the interna-

tional loan market augurs well for the future when the level of international borrowings is likely to be stepped up.

The 1979/80 Treasury's Economic Report released last week indicates that the total net inflow of long-term capital is expected to reach \$2,770 million in 1979, 80 per cent up from the \$1,541 million recorded in 1978.

Net inflow of official long-term capital is estimated to reach \$1,155 million from only \$883 million in 1978, reflecting the increased momentum in development and the level of foreign confidence in the country's economic and financial management.

Euromoney emphasized that its country risk league table does not reflect its own ratings, but that of the market.

The table is the result of a statistical analysis of the terms and conditions for all sovereign borrowers that have tapped the Eurodollar and floating rate Deutschemark syndicated loan market this year.

The various countries are considered in terms of the weighted average

spread of loans given during the year, with those with the lowest spread the highest in the table.

France, for instance, has a weighted average spread of 0.440 while the figure for Pakistan is 2.181.

Malaysia is followed by 17 other countries which have achieved the same rating of six stars. In the order given in the table, these are Greece, Denmark, Australia, Czechoslovakia, Finland, Ireland, USSR, Hungary, Bulgaria, Iceland, Italy, East Germany, Fiji, South Korea, Canada, Colombia and Oman.

The countries with the poorest ratings get only one star. Besides Pakistan, these are Gaoon, Ethiopia, Guyana, Madagascar and Niger.

Euromoney observed that the developed countries account for six out of the top 10 in the table, though some less developed countries rank ahead of many other developed countries.

Comecon (communist equivalent of the EEC) borrowers account for two of the top 10 while African borrowers mainly occupy the bottom part of the table.

PERFORMANCE PROSPECTS OF EXPORT CROPS

Kuala Lumpur BUSINESS TIMES in English 22 Oct 79 pp 1, 18

[Text]

NEARLY half the annual tonnage of palm oil produced in the world today comes from Malaysia. According to the Treasury Economic Report 1979/80, the total volume of crude palm oil produced in Malaysia this year will reach 2.09 million tonnes, an increase of 17 per cent over the 1978 output.

"Consequently, Malaysia's share of world palm oil production will increase to 49 per cent from 46 per cent in 1978," the report said.

In 1980, the total Malaysian output is expected to exceed this year's total by 10 per cent, bringing the level to 2.3 million tonnes.

In terms of area, oil palm cultivation is expected to take up a total of 854,900 hectares this year (up six per cent from the 1978 level) and 894,900 hectares in 1980, up five per cent from this year's acreage.

The report also pointed out that, although there is currently no national programme for the replanting of oil palm areas, about 20,000 hectares of the crop will be due for replanting by

the end of 1980.

"The Federal Land Development Authority (Felda) has already started a replanting scheme in its oil palm plantations," it disclosed.

The report also reviewed the performance and prospects of other export crops. Malaysia's share of the world's pepper supply will increase marginally to just over a third of the overall total next year — from 23 per cent this year to 34.3 per cent in 1980.

In terms of volume, the country's contribution to world pepper production will increase from 38,000 tonnes this year to 40,000 tonnes. Of this, Sarawak will contribute 37,200 tonnes or 93 per cent.

In recording these developments, the report indicates that while pepper cultivation is a relatively attractive proposition, the expansion of pepper cultivation in areas other than Sarawak, Johore and Sabah is not significant because of the lack of suitable soils and the plant's susceptibility to disease.

However, it points out that in Pahang, the State Agricultural Department has set up pepper plantations in the Rompin district while in Kedah, a pilot scheme is to be implemented on a 6.5 hectare site.

Pineapple: Efforts to revitalise the industry is expected to receive a major boost from a new plant which the Malaysian Agricultural Research and Development Institute (Mardi) produced recently by crossbreeding the Masmerah and Sarawak varieties.

The report also reveals that in order to increase pineapple production by the smallholder sector, the government intends to increase the replanting grant from the present \$800 to \$900 per acre (0.41 hectare).

In view of the government efforts to revitalise the industry, the production prospects for pineapples in the medium term are expected to be favourable.

The production of fresh pineapple in 1980 is estimated to increase by five per cent to 219,800 tonnes, mainly from the coming into maturity of pineapple areas replanted or newly planted in 1978.

As a result, the production of canned pineapple and pineapple juice next year is expected to increase by about three per cent to 2.52 million standard cases (about 54,860 tonnes) "provided

(overseas) demand especially from the UK remains favourable."

To overcome the problem of over-supply in the world market for canned pineapple, efforts are being made to coordinate output with the member countries of the Pineapple Industry Research and Development Authority (Pirda), especially Thailand, where fresh pineapples are in abundant supply.

Cocoa: A new hybrid introduced from Brazil and Costa Rica is expected to raise the quality and yield of cocoa in Malaysia if it is found to be suitable for local cultivation. The new hybrid is being studied on Felda schemes and smallholdings as well as at the Mardi research centres in Hillir Perak and Trengganu.

Meanwhile, cocoa is playing an important role in revitalising the coconut industry through the interplanting of the two crops, a practice which yields higher profits than the growing of rubber or oil palm as monocrops.

The setting up of a Cocoa Marketing Regulatory Scheme by the end of this year by the Farmers' Marketing Authority (Fama) will improve the crop's prospects by placing its marketing on an efficient and orderly basis.

The scheme will require all cocoa market intermediaries to be licensed.

COASTAL TRADE TO BE RESTRICTED TO MALAYSIAN SHIPS

Kuala Lumpur NEW STRAITS TIMES in English 2 Oct 79 p 1

[Text]

KUALA LUMPUR.
Mon. — The Government will, as from Jan. 1, introduce a ruling requiring goods for domestic trade to be shipped only in Malaysian registered vessels.

It will, however, be implemented in stages, Transport Minister Tan Sri V. Manickavasagam said today.

He was launching the Domestic Shipping Licensing Board set up to control and regulate domestic shipping.

Tan Sri Manickavasagam said the implementation of the "Cabotage Policy" and the setting up of the Board were some of the steps taken by the Government to protect Malaysia's international and domestic shipping.

The Government, he said, amended the Merchant Shipping Ordinance 1952, (which had been based on the British Merchant Shipping Act 1894) in 1977 and 1978 providing for:

•The registration of Malaysian ships both international and domestic; and

•The creation of a Domestic Shipping Licensing Board to regulate and control the licensing of ships engaged in domestic shipping between ports in Malaysia.

Tan Sri Manickavasagam said the Government had decided that domestic trade from one port to another within Malaysia should eventually be done by local ships.

This was a normal practice throughout the world in which only ships owned by nationals of the country concerned carried the domestic trade.

He said the Domestic Shipping Licensing Board would ensure that there would be no disruption in the flow of domestic trade during the period of implementation of the Cabotage Policy.

Monopolised

He added: "It must be recognised that there is a need for an efficient and regular domestic shipping service between Peninsula Malaysia and Sabah and Sarawak.

"One of the important elements in the suc-

cessful implementation of the Cabotage Policy is the co-operation between shipping interests and port authorities in Malaysia."

The Minister called on port authorities to give whatever assistance they could to local ships which carried domestic cargo to ensure the success of the policy.

One of the ways in which they could assist immediately was by providing berthing priorities to these local ships on domestic runs.

CSO: 4220

CRITICAL SHORTAGE OF NATURAL RUBBER ANTICIPATED

Kuala Lumpur BUSINESS TIMES in English 22 Oct 79 p 1

[Text]

RUBBER smallholders and estate owners are expected to undertake more vigorous and concerted replanting programmes and to engage in new planting projects as they become increasingly aware of a critical world shortage of natural rubber in the coming years.

In projecting this "growing" trend in Malaysia's NR acreage, the 1979/80 Treasury Economic Report estimates that by the end of next year, the area under rubber will reach 2.06 million hectares (5.2 million acres), an increase of one per cent over the 1979 total.

In terms of volume, the amount of NR produced in Malaysia next year is expected to total 1.68 million tonnes, an increase of 1.5 per cent over the current year's output.

The estimated 1980 output is equivalent to 43 per cent of the world production, a rise of one per cent over the level achieved this year.

As in previous years, smallholders are expected to provide the bulk of the rubber produced next year, their contribution of 1.02 million tonnes being two per cent higher than the total for this year.

The output of the estate sector is projected at 650,000 tonnes, reflecting an increase of 1.5 per cent over the total for 1979.

Explaining its reason for expecting a critical shortage of NR in the coming decade, the report points out that on the assumption that NR will maintain its current share of the overall elastomer market at 31 per cent, the estimated world NR production of 4.8 million tonnes by 1985 would fall short of the estimated demand by 1.08 million tonnes.

Similarly, the estimated world NR production of 5.7 million tonnes by 1990 will be 1.74 million tonnes short of the expected world NR demand.

In order to increase the level of production and coordinate the efforts of rubber producers in the face of the shortage, the Primary Industries Ministry has set up a NR Advisory Committee made up of representatives from the estates and smallholder sectors and relevant government agencies.

Of the dynamic production policy to increase NR production, the report says it involves the

formulation and implementation of several programmes such as continued re-investment, large new investments in land development, the accelerated spread of improved production know-how and the intensification of research and development activities.

It added that the use of etherel stimulation by both the estate and smallholder sectors has been recommended to further increase the country's output.

The report also points out that, to further improve the production rate, the Rubber Research Institute of Malaysia (RRIM) is intensifying its efforts to broaden the genetic base of planting materials, speed up the maturity of the plants and develop new methods of tapping.

The report said that in contrast to the six or seven years needed for conventional planting and propagation, the newer methods enable rubber trees to be tapped within three or four years.

Referring to the estate sector, the report indicates that the planting of oil palm and other crops in place of rubber is

likely to slow down significantly.

It attributes the expected downturn largely to the existence of limitations such as soil suitability for oil palm cultivation, the favourable prices obtained by rubber and uncertainty in the long-term prospects for palm oil.

According to the report, the migration of youths from the rural areas into the towns and of hired workers and tappers mainly to the government land schemes and other non-agricultural sectors has caused the NR industry to experience labour shortages.

This has led the RRIM to introduce a new way of tapping (the micro-X system) which uses a rotary injector and enables a worker to tap between 750 to 800 trees a day, compared to 800 to 850 trees under the conventional method.

Noting that the use of the micro-X method will bring about the mechanisation of rubber tapping, the Economic Report says that while the new system has yet to undergo extensive testing, it will help to reduce the labour shortage in the NR industry.

CSO: 4220

FIRST SHIPMENT OF OIL FROM TEMENA FIELD

Kuala Lumpur BUSINESS TIMES in English 26 Oct 79 p 1

[Text]

THE first shipment of crude oil from the Temena field in Bintulu will be made at the end of this year, according to sources in Miri yesterday.

The field, located about 10 miles off Bintulu in Sarawak's Fourth Division, will come on stream soon.

The sources said that a number of wells were being drilled from a rig set up by the Sarawak Shell Berhad (SSB) for Petronas under a production-sharing agreement.

SSB had also constructed three storage tanks with a total capacity of 1.2 million barrels at Tanjung Kidureng which were linked to the Temena field by a pipeline.

The crude would be exported from the terminal through a loading line to an off-

shore single buoy mooring capable of catering crude carriers of up to 300,000 tons.

The field would boost the state oil production by another 8,000 barrels a day from the present 100,000 barrels.

Temena is the seventh off-shore field developed by the SSB in Sarawak waters.

The others are West Lutong, Tukau, Baram, Baroia, Beti and Bakau.

The company resumed work on the Temena field at the end of last year after it was temporarily abandoned in 1975 in the search for new technology to solve the soft seabed problems.

Meanwhile exploratory drilling on the Tudan "D", the first inland drilling for oil in many years, was now in progress. — Bernama

CSO: 4220

COPPER MINE FAILS TO SHOW A PROFIT

Kuala Lumpur NEW STRAITS TIMES in English 19 Oct 79 p 5

[Text]

KOTA KINABALU.
Thurs. — Malaysia's only copper mine is to stay open although it is yet to show a profit because of high production costs, low world metal prices, and the unexpected burdens of controlling pollution.

The Mamut Copper Mine in the southeastern foothills of Mount Kinabalu near Ranau about 80 miles (130 km) from here, has been producing copper since 1975 for the Overseas Mineral Development Company (OMRD), a Japanese joint-venture with local companies.

It has an annual output of seven million tons — the 50th shipment of copper concentrates recently went to Japan, bringing the value of exports from the open-cast mine to \$323 million.

The managing director, Mr Y. Okada, said losses had been incurred in the past three years partly due to the depreciation of the US dollar against other currencies, the instability of world copper prices, and high local costs.

"But we are maintaining our mine despite such a situation," Mr Okada told Reuter.

He also anticipates brighter prospects for the company this year through better copper prices, which have risen from \$1.40 a pound last year to \$1.90.

But the company is facing a major problem over pollution costs.

A complaint was lodged that 3,000 acres (1,210 hectares) of padi land had been affected by

pollutants from the mine and Sabah's Chief Minister, Datuk Harris Salleh, immediately took action against OMRD.

The State Government and the company have agreed that to cover existing damages, they will spend \$19 million in resettling and compensating the 620 families affected.

The company will pay \$12 million of this total and also be responsible for any further pollution compensation.

Pollution

The families are to be resettled on a 7,200-acre (2,910 hectares) cocoa land settlement scheme at Sasapan near Ranau.

Each family will be allocated 10 acres (four hectares) of land complete with house and other facilities. The farmers will also receive \$2.6 million as compensation over the next five years.

On top of this OMRD has had to spend over \$37 million on controlling environmental pollution.

Is the copper mine a serious pollution source? Not according to mine director and manager, Mr K. Nishimura. He considers it no worse than tin mining.

The main problem arising from the mine is soil erosion from the

waste flowing down in streams to the padi fields below.

There is heavy rainfall in the area and the company has built tailing pipes, a retaining wall and dams to stop the soil silting up the streams and fields.

Before the latest scheme was developed for the villagers, the company had distributed cash compensation in 1977 totalling \$600,000 to about 500 families and the same sum last year.

But after a study by the company and Government officials the resettlement scheme was decided upon. Instead of villagers waiting each year for compensation it was felt it would be better for them to be given new land to earn their own living.

"In view of this, we have agreed to contribute \$12 million to the scheme to resettle the farmers," said Mr Nishimura.

OMRD has spent about \$300 million in exploration and development of the Mamut mine area since it was granted the mining lease in 1973. It is estimated there are more than 83 million tons of ore in the mine with an export value \$2 billion.

Another copper deposit, also near Ranau, has been found and prospected and this may prove to be of commercial value comparable in size to the Mamut deposits.

Since the mine went into production the government has earned \$30 million in royalties. The mine also provides jobs for the local people. — Reuter.

NAVY FORMS SECOND FAST-STRIKE SQUADRON

Rangoon THE WORKING PEOPLE'S DAILY in English 29 Oct 79 p 10

[Text]

KUALA LUMPUR, 27 Oct—Four Swedish-made *Spike-M* naval craft were commissioned today to form the second fast-strike squadron of the Royal Malaysian Navy.

The commissioning ceremony was held at Port Klang, about 24 miles from here, by the Chief of the Malaysian Armed Forces Staff, General Tan Sri Haji Mohamed Basy.

The four vessels arrived yesterday after a seven-week journey from Sweden.

The ships, costing over 100 million dollars (US), have the best fire power in the Navy. They carry four missiles and two guns.

The boats are 143 feet long and weigh 260 tons each and are equipped with the latest weaponry system. Each vessel has 30 crew members.

They will help step up the anti-piracy patrol in the Straits of Malacca and the naval cordon to prevent landing by Vietnamese refugee boats along the east coast.

NAB/AFP

CSO: 4220

MALAYAN CHINESE ASSOCIATION COMMENTS ON NEED FOR NATIONAL UNITY

Selangor KIN KWOK DAILY NEWS in Chinese 24 Aug 79 p 3

[Text] Datuk Chen Wing Sum, acting president of the Malayan Chinese Association (also minister of housing and local government), pointed out that any doubt about the loyalty toward Malaysia of citizens of Chinese descent or any Chinese-harassment policy would be an unwise move damaging to national unity.

Minister Chen made the above remark in Kuala Lumpur yesterday while officiating at the investiture of new committee members of the Jelabu ward of the association and commenting on the government move that applicants for passports must pass a test of the national language.

He said that though they like to engage themselves in trade and economic development wholeheartedly, the Chinese are by no means a callous people. "If other people respect us, we return their courtesy ten-fold," he added.

The minister said that after the nation's founding, thanks to good government policies and the hard work of the people, the country's economy has been growing steadily. It is now common for our fellow countrymen to travel abroad for sightseeing, family reunions, religious pilgrimages, further study or for business. It is absolutely not true that those who apply for passports harbor bad intentions.

Minister Chen hoped that with the view to preserving the everlasting happiness and prosperity of the people in this beautiful land, all nationalities should respect and cooperate with one another.

Lim Kit Siang Urges Prime Minister to Dismiss Immigration Chief Inspector

The Democratic Action Party urged Prime Minister Hussein Onn to exercise control over government officials in order to prevent them from covering up their respective units' inefficiency and ineffectiveness, and from plotting to divert public attention, as well as making themselves "heroic personages."

In a statement issued in Kuala Lumpur yesterday, Lim Kit Siang, the party's secretary general and concurrently parliamentary member representing the Petaling Jaya district, pointed out that the problem being faced by the Kuala Lumpur Immigration Bureau is in fact clear and simple--that is, that the bureau has failed to render excellent service, thereby necessitating passport applicants to wait the whole day or even longer.

Mr Lim also chided the immigration chief inspector for colluding with the Malayan Youth League in lauding the proposed regulation whereby passport applicants must first pass a test of the Malay language.

He regarded this move as a plot of the immigration chief inspector to transform himself into a hero who lives the Malay language and, as a corollary, to lump critics of his department together as Malaysia's foes guilty of disloyalty.

As leader of opposition parties in parliament, Lim Kit Siang appealed to the prime minister to dismiss the immigration chief inspector on grounds that he has taken the most irresponsible stand and action. At the same time he appealed to Suhaimi, president of the Malayan Youth League, not to create a new political controversy by proposing the Malay language test and ignoring that such a proposal could damage and destroy the harmonious relationship among the Malaysian nationalities.

9300
CSO: 4205

PRESIDENT OF CHINESE ASSOCIATION CALLS FOR UNITY

Selangor KIN KWOK DAILY NEWS in Chinese 19 Aug 79 p 3

[Text] Datuk Lee Sah Choon, president of the Malayan Chinese Association, declared that his party would call on the Chinese throughout Malaysia to unite, not for the purpose of conducting opposition, but to join hands with the other communities in order to achieve national solidarity.

Datuk Lee, who is minister of works and utilities, made the above statement at the opening ceremony of the Penang regional congress of the association held at the Penang Malayan Chinese Association building yesterday.

He said: "The Malayan Chinese Association has always adopted a practical and realistic style of work and firmly safeguarded principles in seeking truth from facts. Our five big programs have amply demonstrated that ours is a down-to-earth political party and that solidarity of the Chinese community is conducive to the attainment of national solidarity. We call on the Chinese to unite among themselves with sincere intentions. We are doing our utmost to strengthen the concept of unity among them. We hope to see a united Chinese society in order that we may cooperate closely with other communities. The purpose of uniting the Chinese is to rebuild the country and to create a just society. Therefore, based on these factors, we have adopted an "open-door policy" in our five big programs, widely recruiting party members so that the Malayan Chinese Association can become more representative of the Chinese community.

"We work hard not merely for the sake of building a strong structure during our lifetime, but also to hand over this organization to our children and grandchildren. Consequently, it is most important that our party members should not waste their energy on unnecessary and trivial matters. They should struggle hard not only for the development of our party, but also to firmly maintain our accomplishments.

"Seen from far ahead, our efforts have a fundamental goal--that is, we are wholeheartedly committed to the task of reconstruction of our country. At the same time, under the principles of democracy and freedom, we do the best we can to create a just society. Consequently, in order to achieve this goal,

we must relentlessly strive on and be prepared to struggle strenuously in order to transform our ideals into reality. We hope that Malaysia can become a better country where its people can live and work peacefully.

"Therefore, we call on all Chinese throughout Malaysia to unite, not for the purpose of conducting opposition, but to join hands with the other communities in order to achieve national solidarity. Then we can unite the entire people under a healthy and responsible banner. The Malayan Chinese Association will continue to play its role, face this road and march forward."

9300
CSO: 4205

MALAYSIA

OFFICIALS OF CHINESE ASSOCIATION ADDRESS ANNUAL CONGRESS

Selangor KIN KWOK DAILY NEWS in Chinese 20 Aug 79 p 5

[Text] Datuk Lee Kim Sai, chairman of the central committee of the Selangor Malayan Chinese Association, firmly believes that any nationality desiring to live in a peaceful and stable society must respect the rights of other nationalities for developing their culture, education, customs and traditions.

He said that if he were to place himself as a colonialist or ride roughshod over the people, the country would never enjoy one day of peace.

Datuk Lee Kim Sai, who is also an administrative councilman, pointed out in his speech delivered in Kuala Lumpur yesterday at the annual congress of the Malayan Chinese Association, held at a local publishing house building, that racists and religious fanatics are currently plotting against the historic "common traits" of the Chinese and the Malays, denying the rights of self-determination due a nationality, fabricating racial suspicion and instigating racial conflicts. Consequently, one of the primary tasks of the Malayan Chinese Association is to aid the national government in eradicating racism and religious fanaticism.

In respect to education, he said that the Malayan Chinese Association wants "equality," and not "uniformity," adding that only on the basis of "equality" can "uniformity" be attained in due course.

He continued: "Education is the responsibility of the state and an inherent right of its people, without favoritism. This is the most fundamental principle to found a state."

On economic matters, he believed that generally speaking, the Second Malaysian Plan conforms to this democratic requirement in spirit, but it develops many shortcomings in its implementation. Deviation after deviation has piled up, day after day, approaching the brink of explosion.

He said that our economy is "not suffering from poverty, but rather from unevenness." Uneven management of the nation's wealth makes people think they are not receiving equal treatment. As examples, there have been

deviations in the matter of applications for state government land and housing, the handling of huts, the budget for development of new villages and the issuance of trawler permits.

He believed that these deviations were committed while implementing national policies.

"If these deviations are not speedily rectified, the future of our entire country may be ruined by these bureaucrats."

Datuk Lee Kim Sai added that in order to reach the farsighted objective of "Malayan Chinese are Chinese and Chinese are Malayan Chinese," the Malayan Chinese Association not only must organize the Chinese massed in the party's mainstream, but also nurture a sense of national glory among our compatriots. The reason is that any people imbued with a sense of glory will never forget their origin or look down on their rich traditions and culture, and they will, using the sense of glory of the "big self" as the starting point, fully exert their "little selves" to contribute to society and to serve the country.

Datuk Lee San Choon, president of the Malayan Chinese Association, officiating at the opening ceremony of the congress, appealed to his party members to strengthen their intellects in order to make correct judgments on all issues.

He said that the Malayan Chinese Association needs farsighted leaders who are savvy in politics and courageous enough not to succumb to extremism in all its manifestations.

He added that amid the speedy changes of our social and economic development, as well as the increasing aspirations of the people, our country needs more leaders who can resolve difficulties, but not those who foment more troubles.

As works and utilities minister, Datuk Lee San Choon said that the Malayan Chinese Association should follow the social and economic reforms of the country and make the necessary changes accordingly.

He pointed out that the political awareness of the Chinese people in Malaysia has increased tremendously during the past decades. However, it is absolutely necessary for us to channel this new dynamism into the realm of reconstruction, and at the same time counter the pessimistic outlook that attempts to utilize this energy for protest activities.

Only in this manner can we jointly create a just society and maintain the balance of the legitimate interests of all communities.

9300
CSO: 4205

ACTIVITIES OF CHINESE FEDERATION'S YOUTH CONGRESS DISCUSSED

Selangor KIN KWOK DAICY NEWS in Chinese 16 Aug 79 p 3

[Text] Tan Ah Pan, vice chairman of the Malayan Teochew Federation, officiated at the opening ceremony of the fifth congress of the youth section of the association, held here at the Teochew Association building yesterday.

In his opening speech Mr Tan appealed to the younger generation to stand firm at their posts, firmly face the challenges of the times, wholeheartedly serve the youth section of the association and furthermore cooperate with youths of other nationalities to jointly build a happy, equal, free and prosperous Malaysia.

He said that within 5 short years, of the 40 member units of the Malayan Teochew Federation, 31 have set up a youth section where significant cultural and athletic activities are held to channel the youths to a healthy road and to promote the excellent culture and tradition of the Chinese race.

Earlier, Chong Ah Luk, the congress chairman, said in his welcoming speech that the youth section members of the Malayan Teochew Federation aim at keeping in touch with one another, exchanging knowledge, doing study and research, promoting entertainment and athletic activities and helping the internal development of the association.

The youth congress was attended by 153 people from east and west Malaysia, of whom 46 were official delegates and 107 others observers.

Dr Yeo Eng Liam, adviser to the association, also delivered a speech.

The congress passed 12 resolutions smoothly.

The congress also elected the fifth standing committee members, with the Selangor Teochew Pa I Association elected as chairman for the term. At the same time, the congress elected the following eight standing committee members: Penang Teochew Association, Kuala Lumpur Teochew Association, Perak Hon Kong Association, Sarawak-Kuching Teochew Association, Negeri Sembilan Teochew Association, Malacca Teochew Association, Johore Teochew Association and Toasankiok Hon Kong Association.

The 12 resolutions adopted by the congress follow:

- 1)Appealed to the government to keep its promise made during the 1978 election: "We will increase the number of and expand the opportunities for all levels of education to ensure that all the people will acquire fair and equal opportunities and facilities."
- 2)Urged the government to pay attention to the common will of the Chinese people, and to treat the interests of all nationalities fairly in carrying out its New Economic Policy.
- 3)Appealed to Chinese-owned business enterprises to continue accepting Chinese university graduates as administrative personnel.
- 4)Appealed to the prime minister to list Chinese culture as a link in the chain of Malaysian culture.
- 5)Appealed to the Ministry of Education against appointing people who are ignorant of the Chinese language as principals or secretaries of Chinese schools.
- 6)Requested the Ministry of Education to build more Chinese primary schools in Chinese-dominated areas, and to speed up its approval of applications to conduct more classes in Chinese primary schools to accommodate more pupils.
- 7)Requested the government that, in accepting college and university students and public functionaries, the number reflect the structure of the Chinese race.
- 8)Requested the Malayan Teochew Federation to publish journals regularly to introduce our compatriots' activities here and abroad, including industrial and commercial activities.
- 9)Proposed to the Malayan Teochew Federation to make preparations for publishing a special edition marking the 50th anniversary of the federation.
- 10)Appealed to the federation congress to set up a loan service for studies in colleges and universities.
- 11)Urged all units of the Malayan Teochew Federation to set up a youth section speedily to help the work of the federation.
- 12)Proposed to the youth section of the Malayan Teochew Federation to hold an All-Malaysia Games every year during the vacation period. Concerning the proposal by the Perak Hon Kong Association to hold a badminton group championship tournament, the congress agreed to reserve it.

9300
CSO: 4205

PAKISTAN

OIL STRUCK AT DHERMUND

Lahore THE PAKISTAN TIMES in English 13 Nov 79 pp 1, 5

[Text] Dhermund (Talagong), Nov. 12: The OGDC has discovered oil at its exploratory well here, 110 kilometre from Rawalpindi, at a depth of 3,200 metre.

While the quantity of the oil reserve would be known after various tests, and additional wells, the oil is stated to be of 26-28 gravity which makes it heavy crude.

A Press party accompanying the Oil and Petroleum Minister Lt.-Gen. Faiz Ali Chishti, who visited the oil well site, saw huge flames and columns of black smoke from the oil being burnt nearby. Drilled by the Russian rig, the operations have been carried out by the OGDC engineers and staff, and the Dhermund is the second discovery by the Corporation: The first being at Tut also in the Pothowar Plateau.

Lt.-Gen. Faiz Ali Chishti, who had earlier visited the well on Sept. 26, was informed of the bright prospects and he had expected an announcement by Eid-ul-Azba. On that day, the Minister said, the staff worked after Eid prayers and it was only a few days back that indications of presence of oil was reported to him.

Today, the Minister took the Press party, "to see the things for yourselves and report to the nation."

The General added the capacity of the exploratory well will be known after some tests which would take a few weeks.

He told the reporters that the regime was determined to make all efforts to find oil and leave the rest to God. This year about six new wells were being drilled and it is proposed to drill at least one well every two months.

The drilling was started on Dec. 20, 1978, and the well was drilled up to 3,570 metre. Three zones were tested and the Corporation struck oil in the third zone at 3,250 metre.

An OGDC Press note stated production testing conducted for the past few weeks has established the presence of oil and gas by DST and other tests. The oil, free of sulphur, is in API gravity range of 26-28.

It is estimated that an additional 1,000 barrels of oil per day would save the country about 15 crores in foreign exchange annually.

At present the oil bill mounts to Rs. 989 crore, putting the imports at 80,000 barrels a day.

If the oil find is substantial, plans would be undertaken to transport it to Dulian, 38 kilometre from Dhermund. The OGDC sells oil at Rs. 44 a barrel, whereas it costs Rs. 210 a barrel from abroad.

The immediate efforts to improve output have resulted in an average increase by some 80 barrels per day over the last 15 days. It is hoped that with improved transportation facilities, further improvement in production will be made to achieve the target of 100 barrels per day shortly.

Speaking on the same occasion, General Chishti said that the Gem Corporation would be made self-sufficient in the coming months.

He said that all efforts were being made to export precious stones like emeralds, rubies abroad through the Corporation. He disclosed that the Chairman of the Corporation has been sent to Switzerland with 1,000 carats of emerald in raw form to introduce, evaluate and explore European markets for this precious item.

He added that exploitation of rubies in Hunza was mismanaged and he would look into its improvement so that it becomes an important source of foreign exchange. If needs be private sector would be associated to make it more lucrative.

CSO: 4220

DISEASE-PROOF WHEAT SEED FOR FARMERS

Lahore THE PAKISTAN TIMES in English 8 Nov 79 p 8

[Text]

ISLAMABAD, Nov. 7: Over one million maunds of high quality disease-resistant wheat seed of various varieties has been procured by the provincial Governments for distribution among the farmers throughout the country during the current Rabi season, it was officially stated today.

The quantity of certified wheat seed procured this year stands 37 per cent higher compared to last year. The increased seed procurement forms important part of the strategy formulated by the Government to push up level of wheat production.

The seed will be distributed all over the country by the public sector agencies through their sale points. The province-wise seed distribution is: Punjab 0.927 million maunds; Sind, 0.048 million maunds; NWFP, 0.095 million maunds; and Baluchistan, 0.023 million maunds.

This information was supplied to the National Seed Council which held its 5th meeting here today to review

the latest position of wheat seed availability. The Federal Minister for food, agriculture and co-operatives, Rear Admiral Mohammad Fazil Janjua presided.

The council which evaluated progress of ongoing seed processing plants was informed that all the four plants—three in Punjab and one in Sind—were expected to go into operation by the middle of next year.

To be completed at a total cost of Rs. 127.4 million, including foreign exchange component of Rs. 112.4 million, the plants will have total capacity of producing annually 2.69 million maunds quality seed of wheat, cotton, rice maize and gram.

The council provisionally approved for registration high yielding ZA-77 and Jahaur-78 new wheat varieties evolved in Sind, and Zarghoon-90 produced in Baluchistan.

The council also discussed measures to improve seed distribution mechanism.—APP.

CSO: 4220

PAKISTAN

THREE RURAL SOLAR ENERGY CENTERS

Quetta BALUCHISTAN TIMES in English 7 Nov 79 p 1

[Text] Islamabad, Nov. 6: An agreement was signed here yesterday between the Ministry of Petroleum and Natural Resources and an Italian firm for the development of solar energy, it was officially stated here.

Under the agreement the Italian firm would set up three rural solar energy centres with power levels of 5 kw., 25 kw and 30 kw to commensurate with the requirements of different environments.

The centres will be set up from grants to be given by the European Economic Committee and the Italian Government.

These three centres are in excess of the 20 additional rural energy centres which are in the process of being set up, 4 with the assistance of UNDP and 16 by Government of Pakistan.

Moreover, the Ministry has already installed 75 small biogas plants in various parts of the country and a community size biogas plant is under construction at Rakhatarghar near Rawalpindi. Five more community size biogas plants will also be set up during the current financial year.

The development of new and renewable sources of energy is aimed at reducing the requirement of kerosene in the rural and semi-urban areas of the country.--APP

CSO: 4220

PAKISTAN

'USHR' UNLIKELY TO BE ENFORCED THIS YEAR

Lahore THE PAKISTAN TIMES in English 7 Nov 79 p 1

[Text] Islamabad, Nov. 6: The enforcement of levy of "Ushr" on agricultural product is unlikely in the current financial year, but the law providing for a compulsory collection of 'Zakat' on other assets is expected to be enacted soon.

According to indications here, the opinion among experts is still divided on whether the collection of 'Ushr' should be on gross or net agricultural produce. The issue apparently needs deeper study and it may not be possible to introduce collection this year for technical and administrative difficulties.

The draft 'Zakat' and 'Ushr' unfolded in February this year, recommended a levy of five percent on gross agricultural produce. The only exemption proposed was 948 kilograms of wheat or its equivalent in value in other crops. The levy was to substitute land revenue.

'Zakat,' when enforced will be collected at the rate of two and half percent on all 'visible' assets. It was proposed to be deducted at source in case of bank deposits (other than current accounts) and savings certificates, insurance policies, etc. Other assets subject to levy of 'Zakat' listed in the draft law were shares and commercial and industrial stocks.

According to one estimate, compulsory collection of 'Zakat' from the proposed sources may yield up to Rs. 150 crore to finance welfare programme.

CSO: 4220

PAKISTAN

FLAGRANT VIOLATIONS OF DOWRY LAW REPORTED

Lahore THE PAKISTAN TIMES in English 19 Nov 79

[Text] The law restricting lavish spending on marriages is being flagrantly violated.

A lot of marriages are being held these days which will continue till the end of the current lunar month, as no marriage ceremonies will be held during the first 10 days of Moharram.

Extravagant expenses are being incurred on marriage feasts. While the law does not permit marriage parties coming from the same town to the bride's house to be given meal, tens of thousands of rupees are spent on lavish meals served to hundreds of guests. The restriction of inviting 50 guests is never observed. Thousands of rupees are spent on illuminations and decorations violating the clear warning of the Martial Law authorities.

There is also no control over heavy expenses being incurred on the purchase of dowry items like ornaments, despite the high price of gold, furniture, crockery, cutlery, television sets, radio-cassette recorders, refrigerators, clothes, etc. While the law does not allow dowry of the value of more than Rs. 5,000, an average marriage dowry ranges from Rs. 30,000 to Rs. 1 lakh and even more. The rich people spend, according to their affluence, up to Rs. 10 lakh or more.

Expensive dowry is forcibly demanded by the parents of the bridegroom at the threat of the dissolution of marriage. Cases have been reported where in-laws had beaten up the brothers and relatives of the bride as well as the bride herself because she failed to fetch a handsome dowry and that her parents had not served lavish meals to marriage party.

CSO: 4220

BRIEFS

SHIP PURCHASE FROM BRITAIN--Under an agreement being signed in Karachi 3 December Pakistan is to buy three ships from Britain on credit. The ships, each of 50,000 tons, would be delivered in 1981. [Text] [Karachi Domestic Service in English 0300 GMT 3 Dec 79 BK]

BULGARIAN LEATHER PROJECT--A meeting of senior officials of the economic affairs division and forest development authority was held with a Bulgarian team 2 December to remove bottlenecks being faced in the completion of the leather and leather tannery complex. Both the projects are being completed with the aid of Bulgaria. The leather tannery is being completed at a cost of over 62 million rupees and is expected to go into trial production next month. [Karachi Domestic Service in English 1700 GMT 2 Dec 79 BK]

ADB LOANS--Two separate agreements were signed in Manila between Pakistan and Asian Development Bank providing for a concessional loan of \$68 million to Pakistan. The Pakistani ambassador to Philippines signed the agreement on behalf of his country. [Karachi Overseas Service in Bengali 0115 GMT 4 Dec 79 BK] The Asian Development Bank has approved an interest free loan of \$14 million for an agricultural development project in Pakistan. The bank will also provide technical assistance. [Karachi Overseas Service in Bengali 0115 GMT 7 Dec 79 BK]

NEW AMBASSADORS TO PAKISTAN--The ambassador of Belgium Guy Copette, the ambassador of Italy Paolo Torella di Romagnano and the high commissioner of Mauritius Abdool Hak Mohamed Osman, presented their credentials to the president in Rawalpindi on 6 December. [BK100553 Karachi Overseas Service in Bengali 0115 GMT 7 Dec 79 BK]

GERMAN TANKS FROM ARGENTINA--New Delhi, Nov. 14--Military experts here said yesterday that Pakistan was acquiring West German designed Tam tanks from Argentina, which is building them under licence. They were commenting on a DPA report from Bonn which quoted a West German Defence Ministry spokesman as saying that West Germany was not supplying the tanks to Pakistan.--UNI [Text] [Madras THE HINDU in English 15 Nov 79 p 7]

PAPUA NEW GUINEA

JUSTICE MINISTER JAILED FOR CONTEMPT OF COURT

Jakarta KOMPAS in Indonesia 13 Sep 79 p 12

[Text] Mrs Nahau Kembou Rooney, the 34-year-old Papua New Guinean justice minister, was thrown in jail at Bomana, Port Moresby on Wednesday. The previous day she was sentenced to 8 months imprisonment for contempt of court.

At present Prime Minister Michael Somare is studying ways to free Mrs Rooney. If his effort succeeds, it will possibly result in the mass resignation of the judges.

The crisis, which dates back to last June, has brought about debates evolving around who actually is in power in free Papua New Guinea: the black politicians or the white court officials.

At that time, the Supreme Court ruled to postpone the deportation order issued by the Ministry of Justice against an American scientist Dr Ralph Premdas, pending the outcome of an appeal.

In her letter addressed to Chief Judge Sir William Prentice, Mrs Rooney stated that the postponement constitutes a narrow and literal interpretation of the written law. Then she accused that the court was ill-mannered and that it failed to take into consideration the special conditions of Papua New Guinea and to observe the rights of an elected government.

Mrs Rooney's stand was fully and openly supported by Prime Minister Somare, which resulted in the resignation of a judge. The other seven judges were also preparing to resign.

The steps taken by Mrs Rooney won support on the grounds that she was striving to uphold the Melanesian people's traditional way of consultation and that the government had the right to decide which foreigners are acceptable or not acceptable.

Ever since she was appointed justice minister at the end of last year, Mrs Rooney has been an adamant fighter for law reform. She has tried to develop a legal order which is more characteristic of Papua New Guinea and responsive to its traditions. She has also tried to minimize the country's dependence on British law inherited from its colonial government in Australia.

There are two ways for Somare to release Mrs Rooney from jail. One is by submitting this case to the Commission for Amnesty for a hearing. Mrs Rooney has filed a petition for an investigation of the case. The other is for the minister of justice, a post concurrently held by Somare, to issue a permit freeing Mrs Rooney on parole.

However, all the judges have declared that they will resign en masse if Mrs Rooney is released before serving at least 2 months of her sentence.

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PHILIPPINES

MANILA TO RECOGNIZE NORTH KOREA SOON

Kuala Lumpur NEW STRaits TIMES in English 31 Oct 79 p 2

[Text]

TOKYO, Tues. — President Ferdinand Marcos said the Philippines would soon recognize North Korea to help stabilize the situation in the Korean Peninsula.

Mr Marcos, in an interview with Japan's Kyodo News Service yesterday, said the Philippines had been in constant contact with Pyongyang and that the establishment of diplomatic relations between the two nations was "just a matter of time."

Marcos said his wife, Imelda, had a meeting in Peking with North Korean ambassador to China Jon Myung Su in July.

The ambassador invited Mrs. Marcos to visit Pyongyang, stressing his government's desire to normalize diplomatic ties with the Philippines without breaking Manila's relations with South Korea, the President said.

Mr Marcos said: "Actually, we are in the process of studying recognition (of North Korea)," Marcos told Kyodo.

He said since the meeting of his wife and the North Korean ambassador, "we have been in contact with North Korea... it is just a matter of time (toward normalization of diplomatic relations)."

Japanese political commentators said Mr Marcos' remarks was based on expectations that the two Koreas, following the shooting death of South Korean President Park Chung-hee last week, would eventually narrow their political differences.

CSO: 4220

FOREIGN BORROWINGS INCREASED TO FINANCE DEVELOPMENT

Kuala Lumpur BUSINESS TIMES in English 4 Oct 79 p 6

[Article by Humphrey Hudson in Manila]

[Text]

THE Philippines, faced with high inflation and the need for development, is going for growth even if it means a substantial increase in foreign borrowings, according to international bankers here.

Despite economic difficulties, due in large measure to this year's oil prices increases, the government of President Ferdinand Marcos has a reasonable chance of achieving its aims barring further unforeseen economic or political problems, they added.

The inflation rate, currently over 20 per cent, is expected to peak later this year at around 25 per cent, before easing to give an increase for the year of some 16 to 17 per cent, central bank officials said.

Gross national product is still expected to rise by some six to 6.5 per cent with a similar figure being forecast for 1980, giving a slight improvement on the 1978 performance of 5.8 per cent.

The economic policy record since 1974 has generally been favourable, but the problems which have arisen reflect outside factors such as further increases in crude oil prices and the continued poor performance of sugar prices, a major export commodity, on the world market, the bankers said.

The close cooperation between the International Monetary Fund (IMF), the World Bank and the Philippine officials in charge of economic and financial policy has also contributed to the relative success of

the economy, they added. This cooperation has paid dividends in helping to strengthen and maintain the country's international credit status amongst banks which are still keen to lend on favourable terms, central bank officials said.

Next year, the central bank hopes to borrow around US\$600 million, close to the 1978 figure, under its consolidated borrowing programme.

Credit status is all important since the government intends to boost domestic output and exports by substantial investments.

In a speech last Friday, President Marcos said orders had gone out to speed up proposed projects costing a total of nearly US\$9 billion.

These include an integrated steel mill, a petrochemical complex, an aluminium smelter, a copper smelter, a diesel engine plant, an integrated paper and pulp industry, fertilisers, cement plants, non-conventional energy sources and rationalisation of the coconut industry.

In the same speech, President Marcos said the country would continue to be very cautious about borrowings, but added the cutting of 20 per cent debt service ratio of the previous year's foreign exchange earnings was considered by many as very conservative.

One senior government official described the plans for continued foreign borrowings as merely good house-keeping.

"It is better to borrow while we can rather than delay projects which the country needs," he said.

At the same time the government is considering a renewal of the IMF's Extended Fund Facility (EFF) which would make it the first country to use the facility for a second time.

However, the government is seeking a number of changes in the way in which the facility operates.

These include shortening the period under which special drawing rights are made available and lengthening the period for repayment to the IMF to ten from eight years, bankers said.

It is also proposing that funds obtained from the IMF under the EFF should be treated as currency swaps rather than borrowings and would not therefore need to be included in the country's borrowing figures.

"It is a question of convincing our international creditors that we have a responsible level of debt management and this can be easily demonstrated," a senior government official said.

Central bank figures show that in June, the country's total outstanding foreign debt stood at US\$8.74 billion compared with US\$8 billion at the end of 1978.

Imports remain at high levels reaching US\$2.86 billion in the 1978 January-June period compared to US\$2.21 billion in the same 1978 months, the bank statistics show.

Exports rose however to US\$2.11 billion in January-June this year

against US\$1.86 billion during the same period a year earlier.

A major component of the import bill is crude oil which supplies 90 per cent of the country's energy needs. Oil imports cost US\$423 million in the first half of 1979 against US\$440 million last year.

Around 15 per cent of oil requirements this year, estimated to total 210,000 barrels, is expected to be covered from wells offshore in the Palawan field.

There are also ambitious plans to increase the output of geothermal and hydro-electric power, to boost coal output and to bring into operation a 620 megawatt nuclear power plant if safety problems can be overcome, bankers said.

A further potential area for energy saving is the production of alcoegas from either sugar or cassava and the latter could be virtually self-fuelling if linked to geothermal power, Agriculture Ministry officials said.

The country has ceased to be a rice importer and has sufficient stocks to feed its 48 million population and to start exporting, while it is fast approaching self-sufficiency in maize.

In exports, sugar has been displaced by coconut products as the main agricultural export. In the first six months this year, coconut products sold abroad were worth US\$423 million compared to US\$397 million in 1978, while sugar exports were valued at US\$107 million (US\$96 million). — Reuters

TRADE DEFICIT UP, GNP DOWN, LOANS SOUGHT

Deficit Twice 1978 Figure

Kuala Lumpur BUSINESS TIMES in English 25 Oct 79 p 18

[Text]

THE Philippines' trade deficit soared to US\$1.727 billion for the first nine months of 1979 compared with US\$888 million a year ago, the central bank said in a report today.

It said import payments from January to September this year went up to US\$4.027 billion against export receipts of US\$2.755 million. Comparative import-export figures for the same period in 1978 were US\$2.449 billion and US\$2.081.

The country suffered an overall balance of payments deficit of US\$881.83 million for the first three quarters of 1979.

This was a sharp reversal from the performance last year when the Philippines chalked up a US\$87.38 million

payments surplus, the statistics showed.

Coconut products topped the list of export items for the period, accounting for US\$731 million compared with last year's US\$518.78.

Non-traditional manufacturers like garments, electronics equipment, wood manufactures, chemicals and others emerged second, with total earnings of US\$701.78 compared with the year-ago's US\$647.88 million.

Earnings from mineral products amounted to US\$395.10 million against last year's figure of US\$360.70.

Sugar earnings went up to US\$175.90 million against US\$122.56 million for the comparative 1978 period.

■ British Petroleum (BP) has joined the intensified crude oil ex-

ploration in the Philippines.

The Energy Ministry announced yesterday its approval of the Oct. 19 agreement between BP and two domestic oil service contractors to drill in the Mindanao-Sulu Sea down south.

The agreement called on BP to drill the well at its own expense, estimated at about US\$7.5 million, in the contract site of 300,000 hectares of onshore and offshore area granted to the two firms.

Both assigned BP 80 per cent undivided participating interest which it may raise to 70 per cent if it would drill two more wells at its own expense not later than May 1, 1980, and April 1, 1981, respectively. — UPI, AFP

Respectable Growth Rate

Kuala Lumpur BUSINESS TIMES in English 31 Oct 79 p 20

[Excerpt]

MANILA, Oct. 30

THE Philippine Gross National Product for the first half of this year has fallen to 5.7 per cent compared to the 6.2 per cent rate during the same period last year.

Mr Gerardo Sicat, chairman of the National Economic Development Authority, said yesterday the growth rate was "respectable" but he held high hopes it would reach six to 6.5 per cent for the whole of 1979.

Under the five-year development plan, the growth target for this year was seven to 7.5 per

cent but was revised to a lower rate because of increased oil prices.

The peso value of the GNP during the first six months is estimated at 200 billion pesos (about US\$26.66 billion) at current prices and might inch up to a little more than this amount by the year end, he said.

Mr Sicat said he sees a continuing favourable performance in the food production, mining exports and the oil production sectors.

Inflation rate, he added, would average to 20 per cent for the whole year.

Loans Sought

Kuala Lumpur BUSINESS TIMES in English 15 Oct 79 p 18

[Text]

MANILA, Oct. 14

THE Philippines has begun negotiations for US\$400 million (about M\$1,100 million) worth of foreign loans next year, central bank sources said today.

About 13 international banks have already shown interest, they said, and offers appear to carry better terms than before.

The sources said interest spreads of five and one eighth per cent over the six-month average London inter-bank offer rate (Libor) as against a one per cent spread on a similar package of loans last year.

Maturity may also be longer — up to 13 years, including five years' grace, as against the previous 10 years with a three-year grace.

The Philippines,

whose outstanding foreign debt stood at US\$2.306 billion at the end of September, is reviewing present borrowing arrangements under which foreign loans are restricted in any one year to a maximum of 30 per cent of the previous year's foreign earnings.

President Ferdinand Marcos has accused some Philippines traders of salting foreign earnings abroad and has ordered government agencies to investigate apparent deliberate undervaluation of exports.

A statement issued by the Presidential Palace last night said the President has received reports that exporters were undervaluing shipments and keeping the excess on what they were actually paid in banks abroad. — Reuter

CSO: 4220

PHILIPPINES

COLUMNIST LAUDS MARCOS, CRITICIZES UNITED STATES

Manila DAILY EXPRESS in English 11, 19 Nov 79

["Over a Cup of Coffee" column by Teodoro F. Valencia]

[11 Nov 79 p 4]

[Excerpts]

PRESIDENT MARCOS told ASEAN youths that they must believe in the vision and capabilities of their own countries and stop listening to Americans who, in the patronizing attitude, are brainwashing us into believing that only they know how to think and know best what's good for us. The President, as one of the Asian leaders, has succeeded only because he dared defy the American "thinkers" and would-be dictators of our national policies. In short, what we in Asia need most is self-confidence. Next must be our ability and willingness to tell the Americans to mind their own business.



If the Shah of Iran is in deep trouble and if the Iranians are suffering the pangs of civil strife, they owe this in large measure to the US press and Washington's do-gooders. If the Shah had done what he believed was best for his people, he would still be in his throne. And if Americans in Iran are in trouble, they should blame their own government that created the hate that's burning them now.

The ASEAN must meet the realities of Vietnam and the Indochina troubles on the basis of ASEAN awareness of the problems instead of relying on experts from Washington and the prodding of the American press. Should a regional

shooting war happen in Asia, the American press would have A-1 entertainment for American readers while we, here in Asia, suffer the holocaust.

The United States must stop the New Society because if our system succeeds, it will kill the myth that only the American system is best for Asian nations. They are determined to smear this country because we have dared be self-sufficient on rice which exposed the economic exploitation they foisted on us for 50 years. They hate us because we dare teach our people to like to eat native fruits which are better than apples or grapes. They dislike the President because he proved that this nation can make her own friends in the world and be the richer for it. Remember how the Americans chided us for becoming friends with China only to follow the example? They dislike us for our enthusiasm for ASEAN. The Americans say they hate slavery but what they hate most is a slave who dares be free and believes in equality of all men.

The worst enemies of the New Society are not the NPAs, the MNLFs or the assorted "third force" organizations. Nobody can beat the advocates of the return of the old society, the American-loving advocates of the "status quo ante." Whatever happens to martial law, the New Society and President Marcos, the old system will

never be bac. The farmers who have been liberated by the President, the workers who shed their crooked labor leaders, the middle class who stopped being lackeys of the traditional rich of this country, will never permit that to happen. The only direction is onward, not backward. The "status quo ante" advocates are nothing but colonial lackeys of the United States who believe that anything that is not a complete copy of American institutions can only be wrong.

[19 Nov 79 p 4]

[Excerpts]

The *Washington Post* editorially chided Americans who lionized the Shah of Iran in better times but now suggest that America should kick him out to lessen pressure on the USA from Iran's studentry. The *Post* also felt sick in the stomach about suggestions that the Shah be turned over to Iran to free the 60 American hostages. America, said the *Post*, was a friend of the Shah for 30 years. No wonder the world does not relish friendship with America. We, Filipinos, understand the *Washington Post*. We have learned a lot in the last few years about America as friend and ally. After World War II, the United States rehabilitated Japan, the enemy, and left the Philippines to fend for itself. When the Philippines tried to fend for herself, the United States had all ill will and prayers that she would fail.

* * *

There are fears expressed that Filipino students in the USA might be hurt if the American mobs start crying for the blood of foreigners. This is a risk anyone who goes to a foreign country must face. And if that country happens to be the USA, the risk is greater. Remember the Japanese-Americans in World War II who were jailed because of their faces, not their loyalties?

CSO: 4220

PHILIPPINES

RDC-TOSHIBA SIGN TECHNICAL AGREEMENT

Manila PHILIPPINES DAILY EXPRESS in English 6 Nov 79 p 14

[Text] Republic Dynamics Corp., the country's pioneer in the manufacture of electronic motors, entered yesterday into a technical collaboration arrangement with Japan's Toshiba Corp. to enable it to produce and market locally Toshiba electric motors.

Jose Concepcion Jr signed the technical pact for RDC with Kosuke Miyoshi, director and general manager of Toshiba's international operations-producer goods, at the Manila Hilton.

The agreement will enable RDC to manufacture up to 60 h.p. of Toshiba's electric motors; obtain technical assistance from Toshiba in terms of training, designs and quality control.

The initial cost of the RDC project is estimated to be P30.0 million.

Toshiba is a Japanese multinational company with a yearly sales of \$8.2 billion. It is engaged in the manufacture, design and sales all over the world as an integrated electrical equipment supplier in the field of home appliances, industrial electronics and heavy electricals.

In the Philippines, the firm has been supplying a variety of equipment such as geothermal turbines/generators, hydro-electric turbines/generators to enable the country to reduce its dependence on fossil based energy, and also sub-station equipment, motors, medical equipment, broadcasting equipment, airport facilities, including navigation aid, postal equipment, and etc.

RDC, which pioneered in the local manufacture of electric motors, now uses 80 percent local component in its electric motors production. RDC was also the first Philippines manufacturer of floor polishers under the brand of Flormasters.

RDC products also include agricultural pumps and it has shock absorbers.

With its agreement with Toshiba, RDC hopes to provide the latest types of electric motors at competitive prices and at a quality level comparable to any other known brands of electric motors.

RDC shall manufacture Toshiba electric motors under the brand of RDC-Toshiba.

Considering that electric motors is the main vehicle used in industrial activities, RDC's expansion is deemed significant to the industrialization program of the Philippines.

Under the same arrangement, RDC shall also market electric motors from fractional horsepower, single phase, up to 200 horsepower, 3 phase--whether under NEMA or I.E.C. and JIS standards.

Other RDC officers are: Ernest Fritz Server, Jose Barredo Jr., Eduardo Lopez, Antonio Albert, Jose Segovia and Wilfredo J. Santiano, general manager.

CSO: 4220

PHILIPPINES

RCPI MODERNIZATION, EXPANSION PROGRAM DISCLOSED

Manila PHILIPPINES DAILY EXPRESS in English 6 Nov 79 p 14

[Text] Radio Communications of the Philippines (RCPI), the largest privately-owned local telecommunications firm, is embarking on a modernization and expansion program that will cost P32 million.

The bulk of the expansion costs will be shouldered by a foreign currency loan of \$2.19 million (P16.4 million) granted by the Private Development Corp. of the Philippines.

PDCP arranged the foreign currency loan through a credit line with the Asian Development Bank.

According to Agapito S. Braga, RCPI chairman, the firm's expansion program involves two phases.

The first phase, he said, will be the improvement of its primary relay network in Luzon and installation of a 60-voice channel network.

The second phase involves the expansion of its automatic telephone/telegraph switching exchanges and replacement of existing VHF equipment with higher band UHF units.

PDCP said it will also assist the project's local currency requirement of P10 million through loan syndication. The remaining P5 million requirement will come from RCPI's internally generated cash.

The expansion project also includes the opening up of additional 20 new stations and sub-counter offices in different parts of the country to augment its present 425 stations and message centers.

RCPI's extensive telecommunications services extend from Basco in Batanes province to Sitangkai in Sulu covering all provinces, 232 municipalities and 45 cities of the country.

Aside from hastening the integration of the rural sector into the national economy by providing a dependable means of communications facilities, the project brings with it the government's objective to make telecommunication a stimulus for social and economic development at national and regional levels, RCPI said.

The government likewise is expected to gain additional revenue from the project in the amount of P10.5 million from taxes and licenses to be realized between 1979 and 1983.

CSO: 4220

PHILIPPINES

CENTRAL BANK REDISCOUNTING CONSIDERED FOR MEDIUM-TERM LOANS

Manila BULLETIN TODAY in English 17 Nov 79 p 24

[Text]

The Central Bank will soon make available small and medium-scale industries rediscounting facilities for long and medium-term credits for the acquisition of capital assets.

A CB official said said that the monetary board was now in the process of preparing the governing regulations for the rediscounting of this type of loans following approval by the President.

This discount line was one of the measures approved by the President last October 18 in a meeting with exporters at Malacañang.

It would be the first time that the CB will grant a rediscounting

facility to a loan of two to five years maturity. Until now only loans with a maximum of 360 days from commercial banks are rediscounted by the CB.

The only loan of more than one-year maturity that is granted a rediscounting privilege by the CB are those under the industrial guarantees and loan fund which are good for three years in case they were lent for working capital requirements and between five to 10 years for IGLF loans utilized for the acquisition of fixed assets.

Under the plan now being worked out by the CB, commercial banks may extend loans

to small and medium-scale companies which are export-oriented from sources outside the IGLF program.

Through the rediscounting window, the commercial banks could easily discount those loans up to between 80 to 100 per cent of loan value. The discount rate is still to be determined by the CB.

Another measure approved by the President during the same meeting which the CB is now in the process of implementing was the exemption from the marginal deposit requirements for imports of raw materials used by export industries. This particular exemption is

applicable to all export-oriented industries importing raw materials used exclusively for exports.

The monetary board approved further amendments to Central Bank Circular No. 575, as amended, following a review of bank credit made for the purpose of expanding the scope of section 7 (c) on credit accommodations and of relaxing, under certain conditions, the restrictive effects of section 10 on absolute and specified collateral requirements for borrowers falling under the category of DOSRAS (officers, directors, stockholders, related interests

CSO: 4220

PHILIPPINES

PCCI URGES ESTABLISHMENT OF PRIVATE EXPORT BODY

Manila BULLETIN TODAY in English 17 Nov 79 p 25

[Text]

The Philippine Chamber of Commerce and Industry (PCCI) recommended yesterday to President Marcos the establishment of a private export organization available to businessmen intelligence information on world market opportunities.

The PCCI said that such an organization should be patterned after Japan's JETRO and similar foreign agencies, like the KOTRA and the CETDC.

The urgent need for such an organization arose from the fact that many local businessmen have been unable to make use of export opportunities owing to lack of quality products and timely market in-

telligence. It was suggested that the government extend the initial funding for the creation of the organization.

Commenting on the recommendations, the President said that the recommended solutions appeared simple and "don't refer to the complications arising out of the simple solutions." He added that the conference is slowly being institutionalized and is a great assistance to the government in policy making.

The PCCI also recommended establishment of a ministry of international trade which would be charged with the function of develop-

ing the country's foreign trade.

In his speech, the President ordered complete restructuring of the Ministry of Trade. The restructuring scheme called for the appointment of a deputy minister for international trade relations.

It urged a program for the up-grading and modernization of infrastructure projects and build-up of efficient ancillary services, particularly utilities, to provide support to export-oriented industries.

In implementation of manpower and development programs, it said, should insure effective transfer and diffusion of technology and technical skills.

Judicious delisting of industries from the overcrowded industry list should accelerate development and efficiency improvement of various industries, particularly those highly capital-intensive and those not subject to controls.

It sought uniform compliance by the commercial banks with the President's directive exempting raw material imports from marginal deposit requirements. Compliance should be extended to raw materials purchased from local producers.

CSO: 4220

PHILIPPINES

PULP PROJECT ATTRACTS \$95 MILLION OF INVESTMENTS

Manila PHILIPPINES DAILY EXPRESS in English 9 Nov 79 p 11

[Text] Local and foreign groups are investing a total of \$94.8 million in the equity of the proposed \$400 million integrated pulp and paper mill project of the Manila Paper Mills (MPM).

The investments in equity, according to chairman Rafael Sison of the Development Bank of the Philippines (DBP), will come from the Philippine American Investment Corp.-\$15 million, Finnish group-\$41 million, National Development Co.-\$1.75 million, DBP-\$1.93 million and the Leonardo Ty family-\$2 million.

The project, proposed by businessman Leonardy Ty, will be set up in Butuan in northern Mindanao. It will produce about 120,000 air dry metric tons (ADMT) of pulp mill together with 20,000 to 30,000 ADMT long fiber pulp to produce 165,000 ADMT of writing paper.

The MPM plant will provide coated paper and writing and printing paper for local needs and for export to Japan, Taiwan, South Korea, Malaysia, Singapore, Thailand, Indonesia and Hongkong.

Sison said the project will be fully guaranteed by the DBP. However, the group of Ty has been asked to broaden the ownership base of the project before it puts in equity and grants the guarantee.

The Finnish group, Sison said, is led by Ekono Oy, an experienced and respected firm in the field of pulp and paper production.

The MPM project is registered with the Board of Investments (BOI) as a pioneer enterprise. It has been endorsed by the Central Bank which assures the proponents of financing for the importation of the machinery to be used in the project.

At full capacity, the plant will need 1.2 million tons of wood wastes a year. Initially the project will get its raw materials from wood wastes and logged-over areas totalling 48,000 hectares.

It was learned, however, that the present volume of wood wastes available is hardly enough to supply processors in the Butuan area.

Under normal conditions, the plant's raw materials will come from softwood trees, particularly the *albizia falcata* variety.

These trees, however, take at least eight to 10 years to mature and become ready for harvest.

CSO: 4220

SHIFT TOWARD HIGHER WAGES, SKILL-INTENSIVE INDUSTRIES

Kuala Lumpur BUSINESS TIMES in English 23 Oct 79 p 6

[Article by Peter Knight Barnard in Singapore]

[Text]

SINGAPORE has entered its second industrial revolution but the transition to a higher-wage economy is not likely to be smooth, economists and bankers say.

Until now, the country's economic success has been based on labour-intensive export-oriented industry. But the continued influx of foreign investment attracted by low wages and tax incentives has resulted in a labour shortage.

Consequently, the government has recently adopted a policy of upgrading industry to ensure continued economic growth and political stability.

The shift to higher-wage, skill-intensive industries producing high-value products is the cornerstone of Singapore's new economic strategy to protect its exports from Asian competitors while reducing dependence on imported foreign labour, the sources said.

To remain a labour-intensive low-wage economy would also make the country more vulnerable to mounting protectionist pressures, they said.

Labour Minister Ong Pang Boon has said that if Singapore continued its moderate wage policies, it would have to import an average 10,000 foreign workers annually.

"There is a high price to be paid, both in political and social terms in a large migrant work population," he said in a union address last month.

This summer marked

the beginning of Singapore's so-called second industrial revolution. Its National Wages Council (NWC) boldly recommended an average 30 per cent wage rise for workers, which Prime Minister Lee Kuan Yew said would probably apply for the following two years as well.

Singapore's cautious low-wage policy since the 1974 oil crisis had held wage increases below 10 per cent.

The recommendations by the NWC, a tripartite body of government, labour and industry leaders, comprised a wage increase of seven per cent plus \$22. It was coupled with a four per cent increase in employers' contributions to the Central Provident Fund and two per cent of monthly wages to be paid by employers into a Skills Development Fund.

The Prime Minister told a National Day rally in August that over the three-year period, "We should be moving out from a low-wage and be moving towards a middle-wage economy," while admitting "there is an element of risk."

Economists believe the risk would be great in the event of a global recession and calculate inflation will rise to around seven per cent by the end of this year.

Singapore's consumer price index rose 2.5 per cent in the first half and 3.8 per cent in September on an annual basis.

Trade and Industry

Minister Goh Chok Tong has admitted already that implementation of the guidelines would add between 1.2 per cent and 2.7 per cent a year to Singapore's inflation rate.

But the economists said the announcement by the administration of the salary increases over the next three years creates an inflationary psychology and expectations which are unlikely to have been taken into account by government forecasters.

More critically, they predict there will be a hefty swing to even greater foreign dominance of industry here, with manufacturing eventually taking second place to an already powerful service industry sector which includes telecommunications, ship servicing and the hotel business.

They noted new manufacturing commitments jumped 34 per cent in the first half of this year to US\$1.45 billion (about M\$2.3 billion) with foreign investors already accounting for 88 per cent of the total.

Singapore's local manufacturing sector tends to be less efficient than the foreign firms operating here, the sources said. It operates on narrower profit margins and will be unable to keep pace with the expected wage increases, they said.

As one US bank economist asked: "Where do the labour-intensive

small guys go?" The government has already spelled out its attitude towards the low-skilled low-wage industries: they will either have to adjust to government policy and upgrade their operations or else relocate to low-wage countries elsewhere in the region.

The question of local industry's survival in the path of foreign companies and the resultant prospect of unemployment rising above the present 2.5 per cent are problems Singapore will have to cope with internally, the sources said.

Beyond Singapore's direct control, however, is the possibility that even some overseas firms may find production too costly in the Republic as wages rise. These companies may choose to relocate to a neighbouring country where wage levels would be lower, they said.

As an example, they noted salaries in Singapore maybe much higher than in Malaysia but productivity here does not always compensate for the difference.

The government is acutely conscious of the country's relatively low productivity levels. Trade and Industry Minister Goh said earlier this year that productivity growth in Singapore averaged three per cent annually between 1973 and 1978 compared with an average seven per cent in Hong Kong, Taiwan and South Korea.

Economists were sceptical that Singapore would attain its target of a higher skill-intensive economy in the foreseeable future, noting that most publicly-supported labour training programmes in other countries have usually failed to turn out the number of skilled workers required by industry.

Government circles are aware of some of the imbalances which could result from inflexible adherence to the NWC guidelines, the sources said.

Labour Minister Ong told Parliament last month: "It is government's policy to work towards the free play of market forces in the determination of wages."

Nevertheless, economists and bankers contacted by *Reuters* were generally confident Singapore was "rugged" enough to withstand the shocks to its system resulting from a restructuring of its economy.

One banker said that although the country might have difficulties in meeting some of its targets, prospects for its rate of growth were quite good.

Real growth rose to 9.7 per cent on an annualized basis in the first half this year, up from 7.6 per cent in the same 1978 period, he noted.

Referring to the government's overall economic strategy, he said the key question that remains is "Can you really force-feed this policy successfully?" — *Reuters*

SINGAPORE

TRADE AGREEMENT TO BE SIGNED WITH CHINA

Kuala Lumpur BUSINESS TIMES in English 24 Oct 79 p 1

[Text]

TOKYO, Oct. 23
SINGAPORE's Trade and Industry Minister Goh Chok Tong said here today his country and China were expected to conclude a trade agreement before the end of this year or early next year.

Mr Goh, who is accompanying Prime Minister Lee Kuan Yew on his five-day official visit to Japan, said in an interview with the leading Japanese financial daily *Nikun Keizai Shimbun*, the agreement would call for the most favoured nation treatment for each other and the establishment of a trade office in each other's country.

He said Singapore's expanded economic links with Peking would help boost its political ties with the Chinese. But, he added, there was no change in Singapore's policy to restore diplomatic relations with Peking after Indonesia.

Mr Goh said Japan and the Asean five had a

common area in which they could cooperate in their economic relations.

He called for more Japanese investment in labour-intensive industry in Asean countries, which could produce suitable goods for their people and for export to Japan "to serve the mutual interests of both Japan and the Asean countries."

Mr Goh also called on Japan to transfer medium-advanced technology to Singapore, such as manufacturing tool machines, car parts, cameras and electronic goods.

■ Singapore's trade deficit widened in September to a preliminary \$912.1 million from a downward revised \$811.1 million in August and \$838.4 million in September last year, Statistics Department figures show.

This brought the cumulative deficit in the first nine months of this year to \$3.63 billion from \$2.79 billion in the same 1978 period. — Reuter

CSO: 4220

CONSTRUCTION OF PETROCHEMICAL COMPLEX TO BEGIN

Kuala Lumpur BUSINESS TIMES in English 18 Oct 79 p 22

[Text]

LOCALLY-procured materials and equipment will account for only about 20 per cent of total requirements for constructing the \$3 billion petrochemical complex in Singapore, a director of Sumitomo Chemical said this week.

This was the estimate given to about 150 members of the Japanese Chamber of Commerce and Industry on Monday by Mr J Nishiwaki, director (research) of Sumitomo Chemical.

Mr Nishiwaki addressed the Japanese businessmen in Singapore at the invitation of the JCCI, ostensibly to provide an up-to-date report on the proposed project on Pulau Ayer Merbau.

But industry observers said that the Japanese, like many of their Singapore counterparts, were keenly interested in knowing when tenders were being opened for the "100's of other spin-off projects".

The interest has "hotted up" as Petrochemical Corporation of Singapore, in charge of the project, is evidently preparing to

start breaking ground on Pulau Ayer Merbau in a couple of months. PCS, this week, goes into a series of meetings with a Sumitomo Chemical team led by its senior managing director, D Komiya, that will take important decisions in this regard.

The point that PCS will start construction work proper by the end of this year was in fact confirmed by Mr Nishiwaki this week according to sources.

He evidently told the JCCI members that the work schedule of the project required actual construction to begin towards the end of this year. This would include construction of a jetty on the petrochemical island to facilitate cargo handling of materials as well as construction proper and also some civil works.

Tempo would pick up by the middle of next year when the main civil works start. Completion date of the project would be around mid-1982.

This whole scheme is dependent on the appointment of main contractors for the complex.

SINGAPORE, Oct. 17

Mr Nishiwaki is reported to have said.

Sources had earlier indicated that the appointment of main contractors was a major topic on the agenda of current PCS meetings.

The sources also indicated that Mr Nishiwaki revealed that PCS would apparently select more than one main contractor, and that there would be "several main contractors".

This is apparently being done to eliminate the need for "100's of other contracts," as it would then be up to the main contractors to appoint subcontractors for these.

CSO: 4220

SURGE OF INTEREST ON PART OF FOREIGN INVESTORS

Kuala Lumpur BUSINESS TIMES in English 4 Oct 79 p 6

[Article by Dalton De Silva in Colombo]

[Excerpts]

THE government of President J.R. Jayewardene in Sri Lanka has launched an ambitious drive to make the island one of the leading financial and industrial centres in Asia.

The 28-month-old government, boasting one of the most stable administrations in the Democratic world commanding a five-sixths majority in Parliament, has adopted a package economic policies to achieve this aim.

These include the adoption of a realistic rate of exchange for the Sri Lankan rupee, liberalisation of trade, encouraging local and foreign private investment and stimulating banking operations.

Finance Minister Ronnie De Mel told representatives of more than 100 American firms, banks and other potential investors in New York recently, "I am confident that Colombo will soon emerge as a major international financial centre competing with Singapore and Hong Kong."

In the face of strong opposition from the Marxists and the Freedom Party of former Prime Minister Mrs Sirimavo Bandaranaike, President Jayewardene's government has estab-

lished a Singapore-style government to be established in the free trade zone and is wooing entrepreneurs around the world inviting them to invest in industrial ventures within and outside the zone. The country's ministers and economic experts have addressed seminars in international centres like New York, Singapore, Tokyo, Hong Kong, Cologne, Zurich, Geneva and Paris, telling potential investors why it is to their advantage to invest in Sri Lanka.

They say that besides providing a stable administration, the present government has created a favourable climate for private foreign investment — it has given constitutional guarantees for foreign investments and has offered attractive incentives including tax holidays and other concessions. Attractions include an educated labour force at highly competitive wages (around US\$2 per day for skilled labour and half of this for unskilled labour.)

Government spokesmen have expressed satisfaction over the response so far from foreign investors. During the first 18 months, 75 industrial projects have been approved by the

millions to come in by the end of the year, mainly for small scale industries outside the authority of the greater Colombo Economic Commission.

Meanwhile, the banking system in the country has been revamped to meet the growing demands of local and foreign businessmen and industrialists.

In addition to four local banks, branches of nine foreign banks — the Chartered Bank, Grindlays, Hong Kong and Shanghai Banking Corporation, State of Bank of India, Indian Overseas Bank and the Habib Bank — had been operating here for more than 20 years. Two large international banks, Banque De L'Indochine of Suez, and the Bank of Credit and Commercial International opened branches earlier this year.

Another international bank, the Citibank of New York, will start business here shortly while applications from several other foreign banks are under consideration by the government.

The government is also considering a capital market and stock exchange in a further bid to provide suitable conditions to develop Colombo as a financial centre in Asia. — AFP

CSO: 4220

EXODUS OF MANPOWER TO MIDDLE EAST

Kuala Lumpur BUSINESS TIMES in English 24 Oct 79 p 6

[Article by Mallika Wanigasundara in Colombo]

[Excerpts]

Today, Sri Lankans are leaving for the Middle East in record numbers. The low-roofed dingy passport office in Colombo is clogged daily with young and old people of both sexes struggling to land a job in the new Promised Land.

Already industrial firms, the building industry, the engineering industry, the transport business and oil firms are feeling the pinch of the rapidly drying up pool of skilled manpower.

The Labour Department itself has complained that some of its vocational training programmes have been disrupted because many instructors have left the country for "greener pastures."

Among the hardest-hit by the manpower drain is the Transportation Board whose drivers are leaving at the rate of 50 persons a month. The increasing shortage of drivers has forced the Transportation Board to lower the experience requirement of driver-trainees from three years to six months.

The Telecommunication Department, an old whipping boy when things go wrong with the public transport system, has also been hard hit by the "riyal race" to the Middle East.

Although the Ministry Of Plan implementation has only started quantifying the human exodus, the latest Ministry survey puts the number of Sri Lankans working in the Middle East at a "conservative" 20,000. Significantly, the survey states that 49.5 per cent of this number are skilled workers.

Despite the serious repercussions that the mass flight to the Middle East has created on the economy, Sri Lanka is not about to clamp the lid on the exodus. The Middle East has served as a ready market for the skilled and semi-skilled manpower that the country cannot absorb. Out of a total workforce of 5.5 million, 1.2 million Sri Lankans are either underemployed or unemployed.

The vast majority of Sri Lankans who leave the country for the oil-rich nations strike it rich. In a year or two they are able to stash away a virtual fortune, by Sri Lankan standards, which they could not expect to achieve in a lifetime in their own country.

This year, the government expects that each group of five Sri Lankans working in the Middle East will be sending home a total of one million rupees. The Bank of Ceylon has opened up special facilities to service Sri Lankan remittances from the Middle East.

The economic attractions of the Middle East are simply irresistible to the job-hungry Sri Lankan. A carpenter earns a maximum of Rs 600 (US\$38) in Sri Lanka. In the Middle East, the same person earns about Rs 4,000 (US\$280), the salary of a high executive in a private corporation in Sri Lanka or a top-level public servant.

Each month, Sri Lankan overseas workers remit about Rs 35 million (US\$2 million). This greatly improved the living standards of thousands of the workers' dependents and help the government earn much-needed foreign exchange.

But financially-rewarding as it is, the quest for wealth and fortune in the Middle Eastern deserts has not been entirely without its bitter moments. There have been sad tales of shabby treatment and physical violence, mostly experienced by women expatriates. A couple of deaths involving women have been reported. The deaths occurred under "highly suspicious circumstances."

Lately, the government has acted to protect the welfare of the overseas workers. Consular representations are being initiated with Middle Eastern countries where Sri Lankan workers are stationed. In Colombo, the Department of Labour has drafted a law which would hold recruiting agencies responsible for the welfare of their recruits. — Depthnews

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